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# ***JPRS Report***

## **Soviet Union**

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***Economic Affairs***

# Soviet Union

## Economic Affairs

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## ECONOMIC POLICY, ORGANIZATION, MANAGEMENT

**Territorial Khozraschet Practicalities Noted**  
*18200176 Moscow IZVESTIYA in Russian*  
28 Jan 89 p 2

[Interview with V. P. Chichkanov, corresponding member of the USSR Academy of Sciences, by M. Berger]

[Text] The Law on the State Plan for the Economic and Social Development of the USSR in 1989 adopted by the recent session of the USSR Supreme Soviet envisions conducting an economic experiment in Belorussia, Latvia, Lithuania, Estonia, the Tatar ASSR, Sverdlovsk Oblast, and the city of Moscow. The experiment envisions the restructuring of management of the national economy of the republic, oblast, and city in keeping with principles of territorial self-management, self-support, and self-financing.

What new aspects will khozraschet introduce into the life of the territory? What can the oblast count on with the introduction of new principles of territorial management? What are these principles themselves? Our correspondent discussed this with the director of the Institute of Economics of the Ural Branch of the USSR Academy of Sciences, V. P. Chichkanov.

[Berger] Valeriy Petrovich, to begin let us define a fairly new concept—"territorial khozraschet." What is it? And in principle can an oblast or republic be the subject, as specialists put it, of khozraschet? After all, this is not a plant or a kolkhoz or a combine.

[Chichkanov] Indeed, in the "plant" sense the concept of khozraschet is unacceptable here, and therefore we are more inclined to give it another definition: "the economic mechanism of the territory." We include in it such principles as self-financing, self-management, and self-support. Thus, of course, we are speaking about elements of khozraschet. Namely the elements that increase the economic potential of the oblast.

[Berger] But why out of the 55 krais and oblasts of the Russian Federation was yours the one that was selected?

[Chichkanov] I do not think there is any need to prove that for "purity" of the experiment it is necessary to have a fairly large territory with a developed economy so that no random external factors can influence the results. Sverdlovsk Oblast is a fairly large territory with a population of about 5 million and a high economic and scientific-technical potential. In terms of volume of industrial production we hold second place among the oblasts of the RSFSR.

[Berger] Valeriy Petrovich, is the introduction of the principles of territorial khozraschet a goal or a means? That is, why is it necessary at all: to increase the oblast's economic potential, so that the territorial management agencies, by submitting their correct share to the state budget, will be less swallowed up by central agencies through various requests and petitions? Or is it really a

means which can be used to improve the quality of the life of the people living on the "khozraschet territory"?

[Chichkanov] Of course the goal of the development and improvement of the territory's economic mechanism is to raise the standard of living. And here khozraschet is only an instrument with which it is intended to improve life more actively and effectively, thus providing for a combination of Union and regional interests. And the economic mechanism of the territory is called upon to provide one more combination: high rates of industrial development while maintaining ecological well-being. This is a most critical problem for our oblast.

[Berger] Khozraschet of the territory, as you said, contributes to high rates of development of the region's economy. But the economic potential of our oblast is one of the highest in the country anyway. Why the experiment to increase it even more?

[Chichkanov] The problem is that, while it has a powerful economy, especially in branches of heavy industry, the oblast falls significantly behind many others in the social sphere. While holding second place in the RSFSR in terms of the volume of industrial production, we are in 36th place with respect to the provision of housing per one resident. Today there are 370,000 families waiting for new housing. In terms of the introduction of children's preschool institutions we hold 46th place in the republic; the sale of nonfood commodities per capita—48th place; and the sale of consumer services—41st place. This list could be continued. But it is already clear that the disproportions that have developed are intolerable, and we are counting very much on the idea that the territory's economic mechanism will make it possible to rectify them.

[Berger] Each region has its own "objects for correction," its own specific peculiarities and problems. How is the influence of the specific features being manifested even now, at the level of the development of the concept of regional khozraschet? How, for instance, is our model different from that proposed by the Baltic republics, the Tatar ASSR, or Belorussia?

[Chichkanov] Understandably, we have more in common with the model of the Tatar Autonomous Republic than with the Belorussian variant, although we have a good deal in common with them. As concerns the concepts proposed by the Baltic republics, here our differences are more significant if not fundamental.

It seems to us that khozraschet of a territory is a kind of algorithm for coordinating the interests of an individual region with those of the state as a whole. In any case and with any specific features the vectors of these interests, even if they do not coincide fully, must be oriented mainly in the same direction. I have received the impression that the Baltic model violates that principle. Moreover, it seems to me that its developers are not even trying to observe it.

Of course, they are making many interesting suggestions that are worthy of study. For example, now all profit goes upward through two channels: into the state budget and into the branch ministry. Then a certain part of it goes in the reverse direction in the form of centralized capital investments.

[Berger] This is very convenient for the center, which thus retains complete control over the situation.

[Chichkanov] Quite right! One gives the appearance of hard managerial work... I, for example, am also in favor of not having profit returned to us from the center, but left with us, minus that which should go in the form of payments into the budget. But our central economic departments do not agree with this approach. But the Baltic states insist on it.

But along with the ideas that are worthy of attention and even dissemination, there are those with which we can by no means agree.

In particular, the idea of a national currency stands in contradiction both to world experience and to the modern tendencies in economic development. As we know, the EEC countries have a common monetary unit, the ECU, while here it is being suggested that various currencies be used within the same country. This, like certain other proposals, tells of the existence in the Baltic area of a desire for autocracy, which will hardly be to the advantage of either the Union state or the republic itself.

[Berger] Valeriy Petrovich, we have hardly learned to evaluate ideas, proposals, or concepts. But what is the situation with respect to the criteria for concrete economic activity of enterprises of a specific region?

[Chichkanov] There is undoubtedly a problem here... Take the system for evaluating the activity of an enterprise by various management structures, from the rayon to the ministry to the Gosplan. They are extremely different, which also reflects the differences in the interests of these structures. Local soviets evaluate enterprises according to how much they deduct into the local budget. Local party agencies are more interested in fulfilling the plan and increasing production volumes, but with a minimum of expenditures, including in the social sphere.

[Berger] But why are you saying nothing about the criteria for economic activity among the electors? After all, the territory is mainly voters, and their opinion should have decisive influence.

[Chichkanov] I agree. But this requires different soviets—with real power, that are supported not only politically, but also materially. The economic mechanism of the territory means assigning the soviets this economic power. One of the first steps here is to transfer a considerable number of enterprises from the Union and republic ministries to the direct management of the oblast.

[Berger] But according to what criteria will this transfer be made?

[Chichkanov] Enterprises that sell more than 75 percent of their products in the oblast will be transferred to the jurisdiction of the Sverdlovsk oblispolkom. In our opinion, this should be reduced to 50 percent, but for a beginning even this is sufficient.

[Berger] At the same time, as I understand it, in the oblast there is still a considerable number of enterprises under Union or republic jurisdiction which, by taking advantage of their independence or under pressure from their departments, can follow an economic policy that runs counter to the interests of the oblast. What will happen then?

[Chichkanov] I shall begin by saying that the enterprises under Union and republic jurisdiction will be obligated to share their profit. The oblispolkom has been given the right to deduct into its budget revenues, in addition to the currently existing sources, 10 percent of the sums transferred by Union enterprises into the state budget plus half of the payments they make for labor resources.

As concerns possible divergences in economic policy, it has been decided that for disputes that arise between the ispolkoms of the local soviets and enterprises under Union and republic jurisdiction, the arbitrator will be the Sverdlovsk oblispolkom. This will pertain primarily to issues related to the development of the social sphere, service for the population, the production of goods, construction, the utilization of labor resources, the protection of nature, and the utilization of the land, water, and forests.

[Berger] You mentioned "existing sources of revenue" for the oblast budget. Are they fairly regulated or are they in need of improvement?

[Chichkanov] Frankly, our relations with the budget cannot stand up under any criticism. Their principles are completely lacking in economic logic. The principle of arbitrary regulation of the oblast budget from above is still in force. It is beyond my understanding that, according to the established plan, for this year the per capita expenditure of funds from local budgets in Sverdlovsk Oblast is the lowest among the Ural oblasts and autonomous republics—230 rubles. This indicator is higher than others—300 rubles per capita—in Kurgan Oblast, for example, although the per capita output there is 25 percent less than ours.

If we are fighting against equalizing at the level of the work place and now at the level of the enterprise, this policy should also be adhered to at the level of the region. The better the oblast works, the better its population should live.

[Berger] You are speaking of social justice in distribution relations at the level of the regions and at the same time in the "package" of proposals they wish to keep the subsidies on meat and dairy products for the oblast. What does self-support of the territory mean in a case like this?



[Chichkanov] I personally do not like the term "self-support" very much. It smacks of in-kind business, which means being closed and having undeveloped interregional ties. But since this term has been adopted, I would consider it in this way: the territory produces products in a quantity and of a quality that is sufficient for sale to other regions and the receipt in exchange of products that provide for a high level of consumption in the region. With the possibility of selling on the socialist market, say, machine building products, Sverdlovsk Oblast could through exchange satisfy its needs for "nonprofile" products, for example, agricultural products.

But the socialist market is still just being formed, and without the possibility of exchanging drilling equipment for meat and milk, we have to ask for subsidies. Although ideally self-support would preclude such requests.

**Readers' Letters Criticising Gospriyemka Cited**  
18200093 Moscow PRAVDA in Russian 22 Nov 88 p 2

[Article by Yu. Medvedev: "Bolt Without Threads"]

[Text] State acceptance [Gospriyemka] is now in its second year of operations at enterprises in several sectors. It is no secret that the technical and operational standards of many domestically produced items are lower than those of foreign ones. They cause considerable losses to customers or are simply not in demand. This made necessary outside agency control to reduce the delivery and turnover of low quality products.

Prior to the formation of state acceptance, the editors received many letters not just with complaints about low product quality, but with suggestions—remove technical control organs out from under the influence of plant and factory administration, make them independent and uncorruptible and then the quality problem will be solved. Let us look at what people are writing today.

"A worker and an engineering-technical employee from the forge-press shop at the Turbine Parts Plant Association in Leningrad are writing to you. It has been a year now since state acceptance was introduced. At first this gave an impetus to improvements in product quality. Now we are convinced that it has become a brake upon production development. State acceptance has employed the better specialists. The state spends millions of rubles maintaining state acceptance. It only sends the center data on the number of complaints, the imaginary economic effect it brings, while the blades remain the same."

Of course, it is not good if there have been no changes in product quality since the introduction of state acceptance. But isn't it probable that in some complaints state acceptance is not the guilty one? Perhaps one could tighten up on state acceptance and at the same time minimize the complaints. Then the state's money would not fly in the wind.

Here is another letter. L. Naydenov, an engineer at the Livny Fluid Meter Plant in Orel Oblast writes that he too is not indifferent about the fate of state resources. Here are some of his numerous suggestions—banish state acceptance, annul product certification, liquidate the huge amount of control testing. This would provide the state with considerable savings. If an enterprise delivers low quality products it is not the plant that should be fined, but the managers themselves. If they are hit in the pocketbook then they will not be so eager to produce poor quality products.

Undoubtedly, every manager has been and is responsible for product quality. But how can things be arranged so that workers, engineers, directors and ministries "will not be so eager to produce poor quality products." Incidentally, we receive letters which call for "hanging" any defect, no matter how insignificant, upon the highest ranking manager. If there was a bolt without threads, where did the directors, party and trade union committees look? Such focusing only upon the specific violator does not clarify the problem, but actually protects the guilty.

N. Konovalov, a machinery operator from Leningrad, writes, "Last year I obtained a new DT-75N tractor. The packing seals lasted six months. The rubber peeled off in layers and broke into pieces. While waiting for repairs, everybody had only bad words for those workers who made these seals. I learned that they were from the Tractor Parts Plant in Kursk and that I was not the only one who had such an opinion about their products. The producers of such goods should hear about this."

What is noteworthy in this letter is that the tractor operator does not insist on asking, let's say, the minister what he gets paid for and from his share of misfortune, how he handles the pangs of conscience over shoddy goods.

In some enterprises relations between collectives and state acceptance have, to put it mildly, not gone well. The former think that controllers "are eating them out of house and home," while the latter hear uncomplicated reports about themselves. "Since 1976 I have worked in various product quality control organs," explains R. Radushkevich, chairman of state acceptance at the Chekov Power Engineering Machinery Building Plant in Moscow Oblast. "I don't want to say that state acceptance accomplished nothing. No, to a considerable extent it had limited technological hooliganism by manufacturers, and put up certain barriers against the flow of junk which is produced at any price simply for the sake of the plan."

Well, things are more apparent to a veteran controller. He went on to make important comments about state acceptance. First, it lacks information, is constrained by Gosstandart [State Standards Committee] instructions and conditions and complete isolation from product users' opinions. The second is state acceptance's lack of rights in its struggle against producers. After all, it mainly consists of former workers from "related" enterprises. It is bound to them by party and trade union ties and access to housing and other distributed amenities. In the author's opinion, all this reduces the authority of state acceptance.

It is obvious from readers' letters that even though the need for it is admitted, at some enterprises state acceptance has not consolidated its position or won the requisite authority. This is the subject of an emotional letter from A. Sindeev, M. Kemptner and I. Ponomarev at the Electrotechnical Plant imeni M. I. Kalinin in Tallinn: "At best state acceptance duplicates the OTK [Technical Control Department], while at worst it makes unjustified complaints, delays the acceptance of products and requires a mass of paper and numerous discussions not necessary to anyone, but which take specialists from their work. It also considers itself the final authority. Products may be returned simply because 100 millimeter bolts instead of 120 millimeter ones have been used on packages. The problem is the incompetence of state acceptance workers, their presumptuousness and haughtiness instead of a businesslike attitude."

To prove this the authors attach information about the presentation of products to state acceptance. The document, complete with an official stamp, has eight signatures of plant and state acceptance workers. It took four days to get them all, even though the product did not deviate from technical conditions.

Yu. Pirogovskiy, a combine builder from Krasnoyarsk, discussed the poor educational work in state acceptance units: "If the person over you is presumptuous and arrogant, he corrupts his surroundings. He is envied for being well organized, and flattered, looks forward to produce without confusion, ready to serve at state expense."

One can and must agree with the reader from Krasnoyarsk. But why limit this to state acceptance workers? One could say the same about a production foreman, a shop chief or OTK associate. It is unjust to judge all state acceptance workers by the actions of one or a few. No matter what position a person holds, he must be called to order and transferred to other work. Nobody has the right to use his position to distort things and to bribe people.

Continuing this theme, N. Yegorov, state acceptance representative at the Taganrog Metallurgical Plant, writes: "I think that state acceptance has become a stumbling block on the troublefree path of those who are used to low quality work. This has given rise to ideas about eliminating independent control. They are not fussy about the means, using insults, slander, direct instructions not to assist in finding defects and to represent any ones found as carping by state acceptance." These are heavy lines.

In conclusion, a letter which, it seems to me, reflects serious concern: "No controllers or supercontrollers can solve the quality problem," write a designer and technologist from the Motor Vehicle and Tractor Electrical Equipment Plant in Kuybyshev. Product quality must be managed in the broadest sense of this word. The more rapidly we learn to do this, the more rapidly we will get our economy out of its frozen position.

### Problems in Teaching Modern Business Skills Discussed

18200094a Moscow SOVETSKAYA ROSSIYA in Russian 18 Nov 88 p 1

[Article by V. Groshev, rector at Moscow Institute of the National Economy imeni Plekhanov: "Laboratory for Commerce"]

[Text] "Last year, I read in SOVETSKAYA ROSSIYA (issue of 12 June 1987) that the Moscow Institute of the National Economy imeni Plekhanov was converting over to cost accounting. I will say nothing regarding the tempting prospects which were set forth. But how is this work proceeding from a realistic and practical standpoint? Indeed, more than a year has already passed." V. Romanov, Rostov-na-Donu.

Considerable steps have been taken in the area of cost accounting. But each one has involved a considerable amount of difficulty. And the fault lies mainly with our own amateurishness and inability to mobilize our resources and knowledge.

Several weeks ago, a center for the training of managers commenced operations within our institute. And immediately there was a problem. During a meeting with the rector, the students claimed that they were dissatisfied with the character and quality of the lectures and in the majority of instances their claims turned out to be fair. Indeed, MINKh [Moscow Institute of the National Economy imeni Plekhanov] has been operating for more than a year under the new perestroika regime. Science has converted over to complete cost accounting. One half million rubles worth of profit was realized during a year's time for consultations with enterprises and organizations alone. All of the students in the first program were selected taking into account the needs of the clients and a noticeable reduction in enrollment was carried out for the purpose of improving quality. New training plans were approved and changes were implemented in the methodological programs. And then there was this confusion—a complaint on the part of the students. We began analyzing the problem to see what was wrong.

I admit that at first there was a defensive reaction: the students were wrong. They wish to obtain from their exercises that which is not provided for in the program and that which we are not obligated to furnish. But let us examine this matter in the proper order. Just who are these students of ours? The directors of enterprises, their deputies and leading specialists. That is, those who today find themselves in the very crucible of economic perestroika. Pretty lectures are not being organized for them. They need basic knowledge. This position was clearly expressed by one of the students—a deputy director of a large association. "Teach us to operate efficiently—and not tomorrow or the day after tomorrow but rather today. The collective looks for profit and a stable



income. It does not spare any money for my training." The root of modern management can be found in this position. A need exists for reliable professionalism.

Unfortunately, I am forced to state that today we are unable to provide the students with the full amount of assistance needed. We lack true specialists in the field of management, marketing, commercial and foreign economic activity, finances, credit, monetary circulation and price formation.

And there is still one other sad observation. Today a professor and a student are united by the absence of thorough professionalism. At our VUZ, only several dozen professors and assistant professors are capable of providing instruction in the modern economic mechanism, commerce and economics. As a rule, enterprises conclude contracts with them. They are invited to deliver lectures abroad and they are the first to join in the work of consultation cooperatives. They are few in number and difficult to obtain. I fear that many other VUZes are in a similar situation. Generally speaking, an outlet must be found from the quagmire of amateurishness and incompetence.

It is possible to complain endlessly regarding the residual principle for the financing of VUZes, the weak logistical base and the untrained contingent of students—this is all correct and yet only partially. This is so because I am convinced that the cause for many of these problems lies in the low professional level of the teachers, the obsolete and non-dynamic nature of their knowledge and the fear of real life and specific production. It has become obvious that VUZ teachers are in no hurry to deliver lectures at the Center for the Training of Managers. And indeed the rates there are one and a half times higher and, as the saying goes, money talks. They are unable to out of fear. The lectures fear having to deliver lectures!

Under these conditions, persistent voices are being heard: a "cleaning out" of the higher school is needed, the number of VUZes should be reduced, pensioners should be dismissed in a decisive manner and so forth. It is not believed that these measures will bring about a basic change in the situation at VUZes in favor of professionalism. In order to replace the professor-teacher staff with a new one, it will be necessary at the very least to have substitutes readily available—and years will be required for the training of such substitutes. However, a solution for this task cannot be postponed into the future.

The scientific council at our VUZ pursued the following path: we are activating the work of the entire professor-teacher staff by converting the faculties and departments over to intra-VUZ cost accounting and lease contracts; we are carrying out a thorough selection of graduates for post-graduate work; we are stimulating professional growth through probationary training and creative leaves of absence (any teacher can undertake self-education at any time). But this represents only the first part of

the task. A recruitment of professors for our institute has been announced in Moscow. What do we expect to gain from this? First of all, an increase in our staff through the addition of practical workers-professionals and specialists for some of the more vital problems of the modern economic mechanism. And they must necessarily possess experience in teaching work. A skilled specialist will perform the duties of a professor for several years and then subsequently, if he so desires, take part in a competition for the particular position.

We are beginning to invite specialists from abroad on an extensive scale for the reading of lectures. Agreements have been signed with Italian and Finnish scientists calling for the creation of two joint firms. Our students will soon commence going abroad for the purpose of acquainting themselves with marketing operations. And is it really a bad thing if a future business man becomes acquainted with the game rules followed on a stock exchange?

True, one finds special complications in this area—a currency payment for such training is not cheap. But it is possible. Moreover, we are not requesting the money needed from anyone. We will earn it ourselves and we will spend it for the training of specialists and, it follows, for the country's future. Unfortunately, the need for opening an account abroad for the training of students and post graduate workers is not being supported by USSR Vneshekonombank. Must we engage in a violation? We do not wish to! We are creating our own innovative bank. In short, having raised the subject of a cost accounting VUZ and self-financing several years ago, we now recognize, in keeping with the logic of development, the need for creating a unique training-scientific-commercial association.

My colleagues and the rectors of other VUZes often ask the question: "Why do you need all of this?" The answer is a simple one: if there is no training of professionals of the new generation—managers, economists and business men—there will be no improvement in the national economy from the standpoint of quality.

Therefore we are organizing the content of the training and the entire structure of the VUZ taking into account these tasks that are of exceptional importance for the country. Our VUZ is first of all a unified economic mechanism. A student comprehends self-financing and cost accounting commencing with the first program. Our VUZ represents commerce—trade and public catering. In order to teach commerce to pupils, a professor must be able to engage in it himself (through a commercial bank and commercial center (center for profit), which unites 4 cost accounting subunits and 10 cooperatives created within the institute.

At the present time, using large-scale scientific-technical works of our specialists and two problem laboratories, we intend to create a Center for Basic Studies. The



economy cannot be developed in the absence of a strategic technological orientation. The country is waiting upon us, economists, to furnish it with thorough recommendations for the future. And here also we will not be able to proceed in the absence of the professionalism possessed by our great scientists and academicians such as Nemchinov, Novozhilov, Strumilin and Kantorovich. Similarly, our basic VUZ science will not succeed in the absence of interaction with the academic science or special purpose financing. Certainly, such investments must be substantial and obtained on a competitive basis.

The question concerning the professionalism of scientists and teachers has yet one other vital aspect. In conformity with decisions adopted earlier, commencing in September of next year the wages of teachers will be raised and here we have in mind billions of rubles worth of investments. Concern must be displayed for how these funds can best be utilized in behalf of professionalism. If this is not done, then we will be faced with the same result we are observing in the secondary schools and in public health. The funds were invested and wages were raised and yet the result was negligible. A reliable barrier must be erected against wage-levelling.

Deserving of special mention is wage-levelling in the higher schools, in the social sphere generally. The infinite predominance of wage-levelling relationships over a period of many years has caused great harm, it has given rise to a psychology of parasitism and it has disrupted the natural link between man's labor and the consumed portion of the final social product. It comes as no surprise to note that the wage-levelling relationships are today yielding to anathema in economic theory. True, a deviation from these relationships is less noticeable in actual practice. It would be more simple to reproach in this regard those economic leaders who do not desire to reorganize the obsolete wage forms. But there is no point to issuing a condemnation hastily. A requirement exists for a more thorough study of the reasons for the vitality of wage-levelling ambitions.

One question still remains regarding collective condemnation. Next year the pensions for workers in the higher schools will be raised. This is a proper and yet belated action. Indeed, up until now a leader of a VUZ has been viewed as a demon who expells teachers of pension age from their respective collectives. It is impossible to describe the tears and stresses called forth by such incidents. Meanwhile, international practice long ago resolved this problem by retaining a minimal wage for a professor and assistant professor for the pension period. We are still only advancing towards such a solution. Yes and at times we are doing so in an awkward and unprofessional manner. An announcement concerning an increase in pensions was made two years ago and yet this action is not expected to be carried out until the autumn of next year. Thus the collectives of VUZes must resolve a dilemma: either pension off an individual at

the present time, in which case he will receive a minimum pension, or wait until we are able to assign a young teacher to take over his position.

But if the problem is to be solved in a professional manner, a solution is at hand. In particular, we recommend that Goskomobrazovaniye [State Committee for Education] and the USSR Ministry of Finances hand down a simple decision. A teacher who departs on a well deserved vacation during the current academic year will nevertheless receive a raised pension within the established period. The state will not have to spend one additional ruble and on the other hand the VUZes will be able to carefully select specialists from production who have been professionally trained to serve as teachers at a modern VUZ.

In short, today we are attaching greater importance to the logic of perestroika and converting over to cost accounting than we are to the need for achieving professional solutions for many problems. And it is here that one overall principle must be observed—I would refer to it as a chain reaction for knowledge, professional and competent knowledge at all levels. It is the only reliable and working principle to be followed if we are to have a serious discussion concerning renovation of the higher school.

## PLANNING, PLAN IMPLEMENTATION

### Gosplan Deputy Chairman Vid Analyzes 9-Month Plan Fulfillment

18200096 Moscow *EKONOMICHESKAYA GAZETA* in Russian No 45, Nov 88 p 9

[Article by L. Vid, deputy chairman of USSR Gosplan, under the rubric "At the Readers' Request": "1988—Dynamic and Problems"]

[Text]The national economy is moving forward in meeting the challenges laid down by the 27th Party Congress and the 19th All-Union Party Conference. This is illustrated above all by the movement of a number of key generalizing indicators of the country's economic and social development.

In comparison with last year the rate of economic growth and production efficiency have risen, and contract discipline in supplying output has improved. The social orientation in economic development is growing stronger, and the material base of the social sphere is being strengthened. New methods of economic management are gaining force. Progressive forms of production organization and management, including forms based on the contract for hire and the long-term lease, are becoming established in practice. Cooperative and individual labor activity is developing.

The growth rate of national income produced for the first 9 months was 4.7 percent compared to 3.2 percent on the average for 1986-1987. For the same periods the productivity of public labor rose 5.2 percent as compared to 3.1 percent. Real per capita income as a whole will increase 3.5 percent this year as against 2 percent last year.

With the increase in the growth rate of national income significant structural changes have been achieved in the use of income resources. The proportion of resources directed to social needs (the current consumption fund and savings in the non-production sphere) will be 89.2 percent in 1988, according to estimate, compared to 79.1 percent calculated for the five-year plan.

However, the planned growth in national income produced for 1988, which was set at 6.6 percent above last year's level, was not achieved in January-September. The main reason was that steps to reduce the materials-intensiveness of output in all sectors of the production sphere were not carried out, and in addition there were complications in agriculture.

#### Capital Construction

There has not been a real turning point in this area. During January-September fixed capital worth more than 86 billion rubles was put into operation through state capital investment, but this is 8 percent less than the calculated volume. Almost 12 billion rubles worth of fixed capital being financed by centralized state capital investment, in other words for the most important national economic projects, was not introduced. The introduction of fixed capital is 19 percent below plan.

Capital investment continues to be dispersed over many construction sites, long periods of time to introduce facilities are continuing, and the cost of construction is not decreasing. A particularly unsatisfactory situation is developing with fulfillment of plans for launching key production facilities and projects. Thus, in January-September of 1988 the plan envisioned launching 201 key production facilities, but in fact only 130 or 65 percent (!) were launched. The launching of another 180 facilities which had been carried over from 1987 was also envisioned, but only 126 of them have been introduced (!). It is necessary to introduce 922 projects in the fourth quarter to ensure fulfillment of the yearly plan, and that of course is unrealistic. The plan for contract work and start-up projects was not fulfilled by all all-Union and republic construction ministries and departments.

#### Changes in Employment

Progress continues to be observed in the positive shift, noted since the end of the 12th Five Year Plan, towards solving the problems of intensification of the economy. All the growth in national income produced, output of industry and agriculture, construction and installation work, and shipping volume and railroad transportation was received from growth in labor productivity. Growth

in labor productivity significantly exceeded the rate envisioned in plans for 1988 in all national economic complexes except machine building.

The release of people from the sectors of material production as a result of enterprise and organization transfer to full cost accounting and self-financing has become a stable factor in raising labor productivity.

The number of workers and employees employed in the sectors of material production declined by more than 1 million persons in the first 9 months of the present year compared with the corresponding period of last year, including 600,000 in industry and 200,000 in agriculture and transportation.

A significant share of the people being released from work in the production sectors and all the resulting growth in labor resources are being directed to the service sphere and to sociocultural institutions. Compared with the corresponding period of 1987 the number of persons employed in public education rose 200,000, while in public health and social security it increased 150,000. The number of persons working at cultural and artistic institutions and organizations, in housing-municipal services, and in everyday services also rose.

As a result, progressive changes were noted in the distribution of working people by spheres of activity. Of all persons employed in the national economy 72.7 percent worked in the sectors of material production, while 27.3 percent were in sectors of the non-production sphere; in 1985 the corresponding figures were 73.3 and 26.7 percent.

The process of redistribution of labor resources that has begun under the impact of the economic reform demands a new approach to the problem of labor quality and evaluation of labor. This process shows that work force reserves in the country are not exhausted, as was thought earlier. The primary task has been and remains raising labor productivity in all spheres of public production, at a rate higher than growth in wages. However, serious problems are arising today. Growth in wages is overtaking growth in labor productivity. And this along with serious shortcomings in the area of increasing production of consumer goods and services to the population leads to a significant strain on the internal goods market and to inflationary processes.

#### Scientific-Technical Progress

In the past period certain changes were achieved in using scientific-technical advances, and this fostered a rise in the technical level of production. The introduction of progressive base technologies in all sectors of material production continues.

The processes of incorporating new types of articles and withdrawing old ones from production, especially in machine building, were accelerated in industry. In machine building 10.2 percent of the output was updated

between January and September of this year, as compared to 9.2 percent for the yearly plan and 7.4 percent for the corresponding period of last year.

But the rate of scientific-technical progress still does not meet contemporary demands and there has not been a fundamental improvement in production's receptiveness to it. National economic complexes and ministries have not attained the necessary stability and rhythm in incorporating new equipment. Furthermore, plans envision introducing most of the innovations by enterprises in the second half of the year. The volume of work done on the basis of the outlines of intersectorial scientific-technical complexes (MNTK's), the assignments of the Comprehensive Program of Scientific-Technical Progress of the CEMA countries, and special-purpose scientific-technical programs included in the state order for 1988 was 38 percent of the annual volume in the first 9 months. This situation is typical of most ministries.

#### Resource Conservation

Even though they were small, positive changes began to take place in resource conservation. In particular, the reduction in the metal-intensiveness of output from machine building and metalworking made it possible to increase production of their output faster than metal consumption rose. It is true that the savings of metal output in industry and construction is being achieved mainly by changes in the volume, assortment of output, prices, and other factors with a small share to measures for scientific-technical progress.

About 19 million tons of fuel and energy resources (converted to standard fuel) and more than 110 million gigacalories of secondary fuel resources were conserved.

There are serious shortcomings in implementation of measures to conserve basic construction materials by improving project designs. A serious overstatement of expenditure of rolled metal, cement, and other key construction materials was found in the 470 plans and technical-economic substantiation documents for construction projects which were examined by the USSR Gosstroy expert commission.

The rate of consumption of fuel-energy resources continues to be high, which indicates extensive development of particular production facilities, above all energy-intensive ones. The use of secondary energy resources in the national economy is clearly inadequate. At a number of ministries the rate of growth in their use declined. Planned steps to use most of the types of secondary resources were not fulfilled. All this illustrates that we still have not achieved the necessary turnaround in the area of resource conservation.

#### Industry

Basic national economic complexes, such as the fuel-energy and metallurgical complexes, in industry are operating stably, although under some strain. In January-September the growth rate of output for group B was 5.4 percent as compared to 3.9 percent for group A.

The development of machine building does not exceed the total growth in industrial production by as much as envisioned in plan calculations. Production of output by the machine building complex increased 6.3 percent in comparison with the corresponding period of last year as compared to 7.8 percent according to calculations for the yearly plan.

The chemical industry and other sectors that supply design materials to the economy are holding up the formation of a progressive national economic structure.

The lag in the development of machine building, the chemical-timber complex, and other sectors of manufacturing industry is still preventing us from improving the national economic proportions between the fuel-raw material and manufacturing sectors. The overfulfillment of plans for production of output in physical and cost terms in industry continues to be achieved mainly through the fuel-raw material sectors. Delivery of their resources for export is increasing while at the same time state purchases of machine building articles and raw material for light and food industry are being made.

Unfortunately, we have not yet been able to break this vicious cycle because of serious shortcomings in the work of the manufacturing sectors of industry and the agroindustrial complex. But we must take a realistic look at this process and adopt all necessary measures to meet public demand for food and other goods and to meet the economy's requirement for good-quality equipment and raw and processed materials based on domestic production. Experience with preparation of the 1989 plan revealed these problems clearly. Measures were outlined to reduce the unjustified and devastating import of various goods. But practically no ministries are carrying out these measures satisfactorily. The problem is also made critical by the fact that the current state of world market prices for oil and petroleum products is not improving.

All sectors of the national economy overfulfilled their profit plans in January-August. More than 60 percent of the above-plan profit was received at enterprises that are operating on the principles of full cost accounting and self-financing. The growth rate of profit compared to last year and the level of fulfillment of the profit plan there are higher than at enterprises operating under the old conditions.

The profit of industry in January-August rose 9.8 percent compared with the corresponding period of last year. However, the financial position of many enterprises,



associations, and organizations remains difficult. Enterprise losses are still great, although they have declined in comparison with the corresponding period of last year.

### The Production of Consumer Goods

Social development this year is being carried out in conformity with plans. Centralized steps are being taken to raise the people's standard of living, and benefits and payments from public consumption funds are increasing. The 19th All-Union Conference of the CPSU and the July 1988 Plenum of the CPSU Central Committee posed the challenge of supplying food and other goods to the population as one of the paramount national economic tasks.

In January-September consumer goods worth 248 billion rubles were produced, which is 6 percent more than for the corresponding period of last year. The production of foodstuffs increased 2 percent, while for non-food goods the rise was 9 percent, and for products from light industry it was 8 percent.

But the potential here is still far from being fully used. Shortcomings arise even where they really should not. Thus, the production of low-fat dairy products is growing very little, and the production of kefir and yogurt with fruit and berry filling hardly increased at all.

In meat and dairy industry work to improve the quality of output and preserve it better is going poorly. But this could be a good way to meet the need for food even with existing initial resources. Because of violations of industrial discipline, trade inspectors rejected or downgraded 5.6 percent of the meat tested, 6.3 percent of the sausage goods, 3.5 percent of the animal fat, six percent of the standard cheese, and 4.3 percent of whole milk products in just the first 6 months of the year.

Serious shortcomings continue in the work of the USSR Ministry of Light Industry. Despite fulfillment of assignments for planned totals in retail prices, enterprises of the sector fell 1.2 billion rubles or 2 percent short of state plan calculations for output. The USSR Ministry of Light Industry and the USSR Ministry of Trade still are doing a poor job of coordinating work on shaping the assortment of light industry goods with due regard for public demand by different income levels and age groups.

More than half of all growth in profit in light industry in the first 6 months came from price supplements, and at certain enterprises it was practically all growth. The process of "washing" inexpensive goods out of production has not been stopped. Enterprises of the USSR Ministry of Light Industry are improperly reducing the production of inexpensive articles, which has a negative effect on the standard of living of low-income families.

The government has adopted a decision setting supplements to existing wholesale prices in order to stimulate the production of articles for children. This will ensure that enterprises receive equivalent profit from manufacturing them as from manufacturing goods for adults. Retail prices for children's goods are not changing. Articles for children, young people, and elderly people were included in the state order for 1989.

The quality of consumer goods being produced continues to be poor. A selective inspection of output at wholesale depots of the USSR Ministry of Trade showed that 10.4 percent of the cotton fabrics tested were rejected as defective, as were about 8 percent of the garments, roughly 5 percent of the knitted goods, and more than 8 percent of the leather footwear.

### Retail Trade and Paid Services

Retail trade in the state and cooperative trade systems in the first 9 months of the year was 269.2 billion rubles. It increased by 6.6 percent compared to the corresponding period of last year. The plan was not fulfilled by the RSFSR, the Ukrainian SSR, the Georgian SSR, the Azerbaijan SSR, the Armenian SSR, and the Turkmen SSR. The trade plan of the consumer cooperative system was not fulfilled.

Not enough attention is being given to meeting public needs for building materials and organizing full delivery of bricks, concrete articles, and other local building materials to individual home-builders and garden societies. The assignments for sale of these goods are not being more than one-half fulfilled. Market resources of timber and building materials are being taken off by local organs for production needs, which cannot be recognized as correct.

In comparison with January-September of last year the volume of paid services to the population increased 14.6 percent, while the yearly plan calls for 17.7 percent. A number of Union republics and one-third of the industrial ministries did not fulfill their assignments for services.

### Housing Construction

The construction of sociocultural facilities is still lagging behind the level achieved last year. The volume of housing put into use has declined in comparison with January-September of 1987. Plans for putting children's preschool institutions, vocational and technical schools, outpatient and polyclinic institutions, boarding houses for the elderly and invalids, clubs, and houses of culture into use through state capital investment were not fulfilled.

The construction ministries and many local governmental organs, enterprises, and associations have not taken steps toward fundamental improvement in the construction of sociocultural facilities and have not restructured their work.

The results achieved in economic development have basically created realistic preconditions for successful fulfillment of the assignments of the 1988 State Plan. Continued stable functioning of the economy, a rise in its efficiency, and growth of the well-being of the Soviet people depend on meeting this challenge.

## INVESTMENT, PRICES, BUDGET, FINANCE

### Roundtable Disagrees on Methodology, Need for Price Reform

18200091 Moscow LITERATURNAYA GAZETA in Russian 9 Nov 88 p 10

[Unsigned report under the rubric "Restructuring—Step by Step": "A Reform—Not A Formality": An 'LG' Roundtable on the Problems of Price Formation"; first two paragraphs are source introduction; italics and bold face as in original text]

[Text] *Among the key problems of economic reform, a very special place is held by price formation. Unprecedented battles are developing in this field. To tell the truth, for the time-being, needs are on the retreat while defending themselves against the monopoly producers with ever larger amounts of money. And here, a massive increase in prices for the most important, vitally necessary types of products is still possible...*

*What will this do for the country's economy, what will it bring the working people? Is it necessary? Unavoidable? We have invited a deputy chairman of the USSR State Committee on Prices [Goskomtsen], Ivan Ivanovich Gorbachev, and a deputy chairman of USSR State Committee on Statistics [Goskomstat], Vladimir Ilich Guryev—representatives of the departments which are directly involved in the formation of prices and the development of initial data for them—to discuss this. It is also important to know the views of science and therefore we suggested to the chief of the laboratory for price formation models at the Central Mathematical Economics Institute [TsEMI], doctor of economic sciences Yuriy Vladimirovich Borozdin, and also to the director of the All-Union Scientific Research Institute for Competition and Demand, doctor of economic sciences Andrey Vladimirovich Orlov, that they take part in the discussion. The views of the consumer are represented here by engineer Yuriy Petrovich Brovko. Taking part in the discussion is the editor of the economics department at LITERATURNAYA GAZETA, Vladimir Nikolayevich Sokolov. The "roundtable" is chaired by first deputy chief editor at LITERATURNAYA GAZETA, Yuriy Petrovich Izyumov.*

**Yu. Izyumov.** It is no secret for any of us with what feelings the public is awaiting the forthcoming reform of the price formation system. On one hand, of course, many circumstances make one necessary. On the other, the people have serious fears. The reasons? During the past year, much has been published that has only magnified peoples' anxiety, instead of introducing clarity. In

the opinion of our editors, there is still a need for discussion of whole series of positions which have been confidently proclaimed by the economists. M.S. Gorbachev has stressed more than once that reform of price formation can be carried out only following serious discussion, that, without consulting with the people, steps will not be taken in this responsible direction.

**V. Sokolov.** There are a great many points of view regarding the problem of restructuring the mechanism for the formation of prices. One of the extreme ones within this large number holds that a reform is not necessary, that it is sufficient to examine and introduce order into economic management. The other extreme, which you hear more frequently, is that no discussions of any kind are going to prevent the carrying out of a reform, which, in the final analysis, boils down to a large increase in prices. Between these two extreme points lies, of course, a whole spectrum of opinions, and I would like to begin with one of them.

**Yu. Izyumov.** Engineer Brovko, who is present here, has brought us materials in which it is shown that the tens of billions of rubles that are needed to subsidize foodstuffs cannot be found without an increase in prices. Please tell us about your own ideas, Yuriy Petrovich.

**Yu. Brovko.** Various sources cite various amounts of increase in prices for foodstuffs which would be sufficient in order to do away with the necessity of state subsidies for its production. I will cite the moderate sum of 47 billion rubles (one calculation variant) from an article by V.K. Nefedov and A. V. Orlov, also present here, which was published in the journal *TEKHNIKA I NAUKA*. But if we look at the amounts, according to statistical handbooks, which the state expends on the production of foodstuffs and compare these with the amounts which it recovers from the sale of foodstuffs to all consumers, and add to this the earnings from the sale of alcohol, then we will see that it is not the state which is subsidizing us, the eaters, but we who are subsidizing the state. If we exclude "alcoholic" earnings, then the amount of subsidies in 1986, for example, came to a total of 19 million rubles. This, you will agree, is not 47.

And what reserves do we have today? At the June 1988 Plenum, M.S. Gorbachev cited losses of 15-20 percent within the agro-industrial complex. In monetary terms, 20 percent corresponds to 40 billion rubles, and this means also that, out of the 39 million persons employed in agriculture, 7.5 million are running at idle. The capacity of motors that have run idle, considering per capita power consumption in the modern countryside, clearly is also greatly in excess of the capacity which our army utilizes in its daily life.

There are also other reserves which are not so obvious. Statistics indicate that the difference between the gross production of foodstuffs at enterprises of the food industry and what reached the stores came to 46 billion rubles in 1986. Even if we exclude repetitive accounting and



certain unavoidable losses, the value of the products which are evaporating into the unknown comes to about 20 billion rubles in retail prices.

Approximately the same picture is found in light industry—the difference between the gross production of the enterprises and the amount which is arriving at the trade facilities comes (with all corrections) to 30-40 billion rubles in retail prices. Thus, in just two sectors of our economy, 50-60 billion rubles in products ready to be used are disappearing without our knowing where they are going. But this is not all.

According to my calculations, based, I repeat, on statistical source books, it turns out that every year we are losing not less than 240 billion rubles as a result of lack of discipline, irresponsibility, theft, poor quality of production funds, and other similar reasons, and I am ready to prove this figure to any of those present. Is this a lot or a little? For sake of comparison, I will say that the losses for 1986 alone were equivalent to what our country lost during the four years of the Great Fatherland War.

V. Sokolov. This seems improbable, but even if we are losing as much as during the war not just in one year, but in two or three years, the substance of the problem does not change. We are being exhausted, bled white, by a merciless enemy but, this time, he has not come from outside. He is within us ourselves, in the costly nature of our economy. Inasmuch as these calculations are based on official statistical data, I would like to hear your opinion of them, Vladimir Ilich.

V. Guryev. As far as I understood, Yuriy Petrovich considers that elimination of the enormous losses in the national economy would make it possible for us to cover many times over the subsidies which the state is paying out for retail prices. Right?

Yu. Brovko. Exactly.

V. Guryev. Well, what can I say... The question of the methods of our calculations is a complicated one which must be examined in detail and separately. That our losses are large, at all stages and levels—in production, in distribution, and in consumption—cannot be disputed. However, they did not appear just today—these losses. And they have their reasons.

V. Sokolov. Excuse me, but what kind of reasons can justify these losses?

V. Guryev. The structure of our economy, economic mistakes, and other reasons which have brought us to our present situation. But I would nevertheless begin to examine them with the most important one—with the rates of growth of labor productivity and wages. In recent years, these have begun to equal out, although even now, unfortunately, wages are growing more rapidly than is the effectiveness of social labor. In connection with this, the level of retail prices for many kinds of products, for

example, for meat, have remained far behind the purchase prices which the state has been obligated to pay to the producer. This is why subsidies are growing, and you know this very well.

Yu. Izyumov. Not so long ago, we, a group of editors from the central press, were invited by the secretaries of the CPSU Central Committee to the Novomoskovskiy sovkhos in Tulskaia Oblast. And there, the director of this sovkhos, the well known V.A. Starodubtsev, was absolutely specific in saying that we are paying money to agriculture incorrectly. It is necessary to encourage producers, and not those who are lazy. Produce so much meat or milk and you will receive a subsidy. But now the opposite is true: He who has produced less collects more, and this is why, with us, people who are not doing anything are living very well. The subsidies are working for them.

V. Guryev. The new economic mechanism, which is not being introduced, is supposed to eliminate these distortions. We have said: It is necessary to stimulate the production of high-quality goods, and we are doing this. There is one incentive—price. But look: They are selling imported blouses, there is a line, and nobody complains that the price is high. But high prices for our own products, particularly fashionable goods, for some reason irritate the population. Well, of course, their quality still lags behind that of imports but, indeed, it is not possible to restructure industry at once and colossal expenditures are necessary in order to bring our products up to world standards. And it is from this that there is an increase in average prices.

Yu. Izyumov. Democracy of prices has always been an advantage we have. In the present day, it is being preserved only in certain sectors, including in the food sector. And so, we now see how, through the unified efforts of scientists, price experts, and planners, an attack is being waged on the last groups of democratic prices. It is sufficient to recall how an increase in prices for meat and milk products came down on the head of Khrushchev. And one more important thing. It is frequently maintained that, all the same, meat at the current state prices is accessible only to the residents of several large cities. This is either a lack of understanding or a lie because, via the public catering system throughout the entire territory of the country, for all levels and ages, Soviet people receive a meat ration at state prices. And after the increase, how much will a school lunch or a dinner in a workers' cafeteria cost, how much will the cost of food in kindergartens, in sanatoria jump? What category of the population are the proponents of a price increase aiming at? Perhaps, at the members of cooperative societies, with their incomes in the thousands? But, according to the latest data, tens of millions of people in our country have an average income of under 75 rubles a month. How are they going to live?

V. Orlov. In my view, we are now talking about the other extreme, advocates of which are unknown to me either among scientists or among the specialists of Goskomtsen

and Goskomstat. Yes, many economists are for a price increase, but only in combination with compensatory measures. What do I have in mind here?

We have approximately 58 million pensioners. Their average pension is from 84 rubles for workers and employees to 53 rubles for collective farmers. To put it directly, pensions are at the poverty level. We have about a million and a half families with many children, in which per capita income is under 50 rubles. We also have young specialists who are in the category of being poorly provided for, and there are also hundreds of thousands of these. We are facing very important decisions, which bear not only an economic and not only a social, but also a political character.

V. Guryev. There have been, there are, and, probably, there will continue to be groups of the population that have various levels of income. For certain, the consumption of these groups must also vary, both for food products and for other goods—in accordance with their incomes. The bad thing is that this differentiation, unfortunately, is increasing in our country.

A. Orlov. We have many families with an income, per capita, of more than 200 rubles a month, but many more with one of less than 50 rubles. And this is already open poverty, to which we can no longer close our eyes. In the first group, consumption of meat products is almost 4.5-fold greater, of milk products—3.7-fold greater, of eggs—4.4-fold greater, and of fruit—2.9 fold greater. And at the same time, 10 million people in our country consume only 200 grams of animal meat, 1.7 kilograms of meat products, and 300 grams of fish, 6 eggs, 3 kilograms of potatoes, and a total of 5 liters of milk per month.

V. Sokolov. It is therefore all the more important whether the proposed reform turns out to be just. Without any doubt, a price should cover the socially necessary expenditures for the production of a product, otherwise we will not finally make agriculture effective. But it is possible to spend 10-12 rubles for the production of a kilogram of meat, as at certain kolkhozes, and it is possible to spend a ruble, as do certain renters—life provides us with sufficient examples of both one and the other. Which one of these levels should we consider the socially necessary one? Obviously, the answer to this question will depend upon what goal society sets for the economy—to spend as much money as possible or to provide the maximum meat at the minimum cost. So, doesn't it come through that subsidies to low-profit and money-losing farms only stimulate expenditures, and not the production of inexpensive meat, that specifically subsidies, no matter who pays them, are becoming a barrier on the path of the new economic mechanisms? I am not talking here about pensioners, but what will an increase in the prices for meat mean for that same "Arkhangelsk muzhik" who today sells his calves for fifty kopecks a kilogram, and moreover with a good profit for himself?

A. Orlov. My position is that we lack the conditions for a large-scale change, all the more so for an increase in prices for food products, even with compensations.

V. Sokolov. The conditions or a necessity?

A. Orlov. For the moment I will talk about conditions. First—a steady development of agriculture, which we could predict for several years ahead. The fact is that an increase in prices for meat, let us say, a doubling, will at the same time force us to raise prices, what is more several times over, for grain products; otherwise, it will become very profitable to feed baked bread to personal cattle. This will inevitably cause a distortion of the balance, albeit an unsatisfactory one, that has developed between the production and the consumption of food products and, in our unstable economy, this may have unpredictable consequences.

A second condition is that the question of monetary compensation to consumers has not been resolved. To whom should it be paid, and how much? Calculations show that it is necessary today to give 18-21 billion rubles to the most "difficult" categories alone. How should these be distributed in order to guarantee even a minimum of consumption?

Third, any increase in prices will unavoidably reduce demand which, in this case, should have the possibility of "switching over" to other types of goods. But we do not have on the market the necessary quantity of cultural and household articles and light industry products, and we will also not have them tomorrow if we do not increase imports. There will be nothing to "switch over" to and we will achieve nothing by this, besides an increase in social tension.

I repeat: Today, we should not introduce one-time, large-scale increases in the prices of food products—this is our position.

But, indeed, average retail prices are going up nonetheless. According to the calculations of our institute, during the past 18 years they have grown by 38-40 percent (including by 25 percent on account of a change in assortment). We are simply not managing this growth. We add, as much as we can, to the lowest income levels, closing our eyes in the meantime to the unjustified growth in wages—and this is all that we can do. For this reason, the inflationary component of prices reaches, according to the assessments of various institutes, from 4 to 8 percent—it is also time to speak frankly about this. And this process will not change until we create an anti-expenditure, anti-deficit mechanism in production, and also until we create a mechanism for social support of the "difficult" groups of the population in the distribution of goods. The consumers' movement that is now taking form should have a say here.

And I want to say one more thing—according to our studies, the mass consumer does not believe that he will receive full compensation for an increase in prices. He does not understand what a subsidy is and why he himself must regulate it by some means.

**V. Sokolov.** Do you think that you see in me such a consumer? And it is not a matter of whether I understand what a subsidy is. In this very idea—to shift subsidization of agriculture from the state budget onto personal earnings—there are, simply, serious logical flaws. The first of them is that, no matter how sharply we raise prices, without imports, the amount of food in the stores, of that same meat, will not change. In return, there will be a jump in the prices in cooperative co-ops and, even more so, at the markets, and no kind of compensation will then be sufficient to this upward surge. Consequently, an increase in prices will lead to a reduction in consumption of products that are in short supply—more simply stated, we will be laying down even more for bread and potatoes. A second flaw—it is not clear for what reasons unprofitable kolchozes, which have preserved all these same wasteful methods of economic management, will suddenly increase their product output. What difference is it to them who pays for their poor equipment and their many hangers-on, the state or I, the consumer? And, indeed, our prices, once they have been raised, will never return to their former level. Experience teaches us this; it also teaches that there is no way that there will be more of a product that has gone up in price (just recall gasoline) but that, to make up for this, there will be more embezzlement, speculation, and abuses surrounding it. But the main thing is not even this. We have already come to understand that only a qualitatively new commodity production, one that breaks up previous relationships, can fill the counters of the USSR with products. And here they are proposing to us, more correctly imposing upon us, the stagnant method, which has a hundred times over demonstrated its uselessness, of raising prices, instead of restructured methods, which have also demonstrated their own effectiveness, of reducing costs. We have come to a point where I would like to hear the opinion of a representative of the department which has professed to have, it seems, an "enhanced" model for price formation reform. I give the floor to you, Ivan Ivanovich.

**I. Gorbachev.** I would like to return to the start of our discussion, to the views of comrade Brovko about the fact that, in general, a reform is not necessary. Yes, there have been reserves, there are reserves, and a great deal must be done in order to put them to work. But we should not delude ourselves that it will be possible to do this tomorrow or before the end of this five-year plan.

Now, one of the most pressing problems of restructuring, one which is being actively discussed in our press, is the reform of retail prices, particularly for food products—do we or do we not need to raise them? There are advocates and opponents of such a reform and various

ways and means are being proposed for its implementation. In this connection, we also should examine the entire complex of price formation reform: in industry, energy, agriculture, and in the area of retail prices for consumer goods as a component part of our entire economic reform. It would be incorrect to examine only an increase in prices for foodstuffs, separately.

**V. Sokolov.** This is obvious, Ivan Ivanovich. A reform of price formation is necessary. The question is of its directions and proportions.

**I. Gorbachev.** In the first place, the forthcoming reform of retail prices, for the first time in the history of our country, will be carried out as a part of a complex which also involves a reform of wholesale and of purchase prices and will guarantee an organic connection between them. In the second place, we plan to transform the system of prices into an objective measure of the results of economic activity, one in which prices consistently reflect socially necessary expenditures of labor for the production and sale of output, its consumer characteristics, its quality and effective demand, and to construct prices in accordance with the requirements of objective economic laws.

With the expenditure system of prices that has developed we cannot think about serious economic reform. Indeed, we are talking about strengthening the role of commodity and money relationships, and price is their most important element. And it must be said directly that, of all the measures which have already been taken, this is the most complicated and, at the same time, the most necessary one.

Talking about proportions, some comrades propose carrying out a reform of retail prices on the basis of their piecemeal increase by 10-20 kopecks annually, stretching this out over decades, and also of a partial compensation, including the reduction of prices by this same amount for certain non-food goods.

It seems to me that this is not a way out of our situation. We must gather the courage to tell the people the truth about the state of affairs in prices, in the economy in its entirety. The population should be compensated for the difference in prices in the form of a nontaxable raise in wages, pensions, etc., at the same time ensuring that there is absolutely no reduction in living standards and that families with many children, pensioners and other lowly paid categories end up in even a more advantageous position. In this period, an attempt should be made to find possibilities for adding additional goods to the market and, by the same token, for cutting the "Gordian knot." It seems to me that, in the final analysis, the tempo of restructuring also will depend upon solution of this problem.

At the present time, some people regard stability of prices for basic food products as a blessing. However, a legitimate question arises: What is the cost of this



stability and where is the state getting the funds for subsidies? The answers are not new for us. It is necessary to frankly acknowledge that during the past decades, in connection with increases in subsidies, we have been forced, in our search for the funds needed to cover them, to resort to an increase in prices for certain non-food goods and to increase the production volume of alcoholic beverages. Can we go further along this path—to increase subsidies, to deform the market and the demand of the population, to increase shortages, to take the path of inflation—or should we take some sort of measures in order to escape from this dead-end?

So, you will ask me: Will an increase in prices for meat not be a brake on the development of its production? Is the amount of it on the market increasing?

I am certain that the continued way to increasing production, to raising the effectiveness of the economy, lies in perfecting the economic mechanism and strengthening incentives for labor that produces better results.

At the present time, the reduced retail prices for food products, which developed decades ago, to a certain degree, both a brake on increased production and, at the same time, a saturation of the market, since, to a large extent, they do not reflect real socially necessary expenditures and the actual consumer value of food products. To say nothing about fundamental deformations in the correlation of prices for various types, for example, of meat products and disparities with what is needed to meet modern-day effective demand.

Some consider that we supposedly want to cover all mismanagement with new prices. Nobody plans to do this. New prices cannot solve the problem of non-subsidization of meat and milk, but they should fundamentally reduce it.

On the other hand, we believe that, in moving agriculture onto a self-supporting and self-financing basis and, at the same time, making provision for a sharp reduction in the prime cost of production on the basis of available reserves and the development of brigade and family contracts and, moreover, activating the human factor, we should receive a large return as well.

I should stress once more: Our present-day prices have lost the function of evaluating real value; from belonging to the planning and measurement category, they have been changed into an accounting and distribution one.

V. Sokolov. It is all the more incomprehensible how it is possible to correct something in the economy by simply taking and raising prices that have for so long been divorced from reality. Can they really have an influence in the necessary direction on real production? Let us recall the recent history of the increase of prices for bread, supposedly for the sake of improving quality—in response, quality worsened practically throughout the

entire country, that is, a directly opposite result was achieved. Where are the guarantees that this will not occur with the other products?

V. Sokolov. Nobody can give such guarantees.

I Gorbachev. Well, and what does basic science think about all this, Yuriy Vladimirovich? The question for you, as a specialist in price formation, is one of prices and social justice. Is there, for example, a certainty that all categories of the population will use their compensation specifically to purchase products for which prices have risen? Lowly paid people will be tempted and will have an opportunity to dress themselves up, so as to look better, or to buy a color television set—whatever a person may need in order not to feel that he is going downhill! As a result, these people will begin to eat even worse than before, when prestige items were inaccessible to them, but when they at least had something to buy meat with. Or another aspect. Will compensation also be paid to rural residents who do not have their own household cattle, for example, on the cotton-raising farms of Central Asia? Justice demands this, but this will not mean, in essence, an increase in costs for the production of cotton or a rise in prices for fabrics, clothing and so on, which will force the other workers to use their compensation for things that have nothing to do with improving what they eat.

Yu. Borozdin. Before answering you I would like to define the content of certain terms. We say that today the state is subsidizing the production of foodstuffs to the amount of 60-70 billion rubles. But where is the state getting these billions from? Only from the population itself. It imposes a very large turnover tax on the prices of industrial goods—automobiles, household equipment, refrigerators, television sets, certain types of clothing and footwear, etc., and this produces 90-100 billion rubles a year. It cannot be said that the state is giving us charity when it covers our purchases in the gastronomy with a subsidy. These billions are being taken out of one pocket of the population by the prices for industrial goods and are being put into another pocket as compensation of expenditures for food products.

If we try to implement price reform in the same way as we did 5, 10, or 20 years ago, we will not achieve any positive changes, but will only exacerbate our difficulties. This is something for us to remember... And, each time, this negative result has been reproduced, only on a higher price level. There were, for instance, losses in the extracting sectors and we compensated for them, as it were, by a one-time reform. And then the increase went via the chain of production relationships through all other sectors and came to rest on final products—on consumer goods and services. Yes, using command methods, we maintained prices for basic food products at a low level, but look at the enormous abscess which these same subsidies have now produced.

I repeat—we cannot carry out the reform of prices by earlier methods. It is little enough that it would aggravate distortions in the national economy, but in its "former" form, when everything was limited to a simple increase in prices, it would completely contradict radical economic reform. In essence, it is necessary to create a new price formation mechanism, one that is organically tied to the new planning, financing, wage and commodity turnover mechanisms. All together, these mechanisms must comprise a qualitatively new phenomenon in the economy—a socialist market.

Prices must be changed—this is unavoidable, but the goal of the change is not to cover our current expenditures for production and not the replacement of state subsidies by a direct tax on the consumer, about which there is only talk. The goal is to create a principally different, anti-cost mechanism for price formation and a balanced market of consumer goods and the means of production.

V. Sokolov. But how, at the time when these new mechanisms are being created, can we avoid a drop in the consumption of basic food products, which is not high in our country, even without this?

Yu. Borozdin. Imports of food products are necessary. Only this will come to our rescue during the next three to five years, until farming [fermerstvo] develops in our agriculture. Moreover, we cannot get along without loans. It is sufficient to look over the structure of our purchases abroad—indeed, quite often, we are purchasing antiquated technology, equipment that is rusted by years disuse or has been used in such a way that it would be better not to buy it. By directing these tens of billions in hard currency to West European markets, where they don't know what to do with their surplus food—we could feed our country.

V. Sokolov. At today's prices?

Yu. Borozdin. Impossible. Two rubles for a kilogram of meat, for which the purchase price today is more than 5 rubles—this is absurd. But the retail price also should not, in my view, grow two or three times. Otherwise, no matter what kind of compensation there is, social stratification will grow, and this would be terrible. But if we set the average price for meat even at 3 rubles, and increase sales of it on the basis of imports and increase its quality assortment in all regions, in all stores—this will basically alter the social atmosphere in the country.

Yu. Izyumov. I think that we can draw several conclusions from today's discussion.

Not counting the already generally accepted postulate that what it needs to be reformed is not the prices, but the mechanism for their formation, we have not come to an agreement on this matter. Well, this is an extremely complicated question, one which touches upon the vital interests of the entire population and therefore we

should, evidently, anticipate even more intensive debates on this theme. We are ready to continue them. Proposals and warnings have been made here by experienced people, and these surely will be taken under advisement by those upon whom the making of decisions depends. I would like only to return your attention again to a number of circumstances. We ourselves have failed to note that we have been transformed into a consumer society in its most primitive sense—we are investing all the money that we receive for our work in consumption alone. A large increase in prices for food products will put an even deeper freeze on the economic initiative of the population, by not leaving it free funds. Is this consistent with a policy of encouraging personal activity, enterprise, and creative approaches?

We talk about subsidies to agriculture as about something that is not normal. At the same time, these are the norm in most countries. Where to get the funds for them? We have already talked here about reducing losses—it is necessary to concern ourselves with this all together. And, of course, to temporarily reduce back-breaking, unceasing capital investments, to reject doubtful projects. How many tens of billions have we plunked into the BAM, into doubtful transformations of nature, for which it still is taking cruel vengeance? It surely is possible to reduce somewhat expenditures for space programs.

As a whole, our "roundtable" has demonstrated the great importance, the political significance of the forthcoming reform, but still more, the lack, even on the part of specialists, of a precise understanding of why one is necessary and of how to carry it out.

#### Procedures for Issuing Enterprise Shares Outlined

##### Council of Ministers Decree

18200688a Moscow *EKONOMICHESKAYA GAZETA*  
in Russian No 45, Nov 88 p 23

[Text of decree approved by the USSR Council of Ministers on 15 Oct 88: "On the Issuance of Securities by Enterprises and Organizations"]

[Text] The USSR Council of Ministers notes that the work of enterprises and organizations under the operating conditions of the USSR Law on the State Enterprise (Association) has strengthened the interest of labor collectives in and their responsibility for high final results in production and the rational utilization of economic incentive funds.

At the same time, in a number of cases, enterprises are unable, using their own funds, to ensure complex solution to problems connected with increasing labor productivity, retooling production, introducing the latest technologies and resource-conserving processes, and developing the social sphere, and this produces a need additionally to mobilize the unused funds of workers, other enterprises and organizations.



To these ends, a number of enterprises have taken the initiative of issuing stocks. However, this process is being hindered at the present time by the absence of a necessary economic and legal basis.

For the further enhancement of democratic principles in management and development of the initiative of labor collectives and of each worker, which will permit them in fact to prove themselves the true masters of production, and also for creation of the necessary economic and legal conditions for enterprises and organizations to attract the free funds of workers and of other enterprises and organizations in order to finance expenditures, not covered by their own financial resources, for development of the production and social spheres, the USSR Council of Ministers decrees that:

1. Enterprises and organizations which have shifted to full cost accounting and self-financing in accordance with the USSR Law on the State Enterprise (Association) have the established right to issue two types of stocks:

—labor collective stocks, which are distributed among the members of its own collective;

—enterprise (organization) stocks, which are distributed among other enterprises and organizations, voluntary societies, banks, and also cooperative enterprises and organizations. Commercial banks may also issue enterprise (organization) stocks.

Funds from the sale of stocks are to be directed toward developing and expanding production, introducing the achievements of scientific and technical progress, and organizing the output of new types of products, machinery, instruments and consumer goods.

Enterprises and organizations will be permitted to direct a portion of funds from the sale of labor collective stocks also toward financing capital investments in support of the social development of the labor collective.

2. A decision to issue stocks is made:

—for labor collective stocks, by a meeting (conference) of the labor collective or by a conference of representatives of labor collectives. The conditions and procedures for issuance of labor collective stocks are to be reflected in the collective agreement. The acquisition of labor collective stocks is to be accomplished by the members of a collective exclusively on a voluntary basis;

—for enterprise (organization) stocks, by the administration of the enterprise or organization with the agreement of the council of the labor collective.

3. Authorization for the issue of enterprise (organization) stocks and their free sale is to be given by the republic (in union republics which do not have oblast

subdivisions) and by oblast, kray or republic (ASSR) institutions of USSR Gosbank with the participation of the bank institution which serves this enterprise or organization.

—USSR Gosbank is to approve the documents containing the requirements and conditions for granting authorization to issue stocks, and the USSR banks are to develop procedures for and exercise accounting of the movement of stocks sold by enterprises and organizations, including their further resale.

4. Stocks offered for free sale are to be acquired by state enterprises, organizations and banks at the expense of assets in their economic incentive funds.

Acquisition of these stocks by voluntary societies, and cooperative enterprises and organizations is to be accomplished at the expense of all free funds at their disposal.

5. The USSR Ministry of Finance and its organs in local areas are assigned responsibility for registration of stock issues and for controlling the issuance of stocks and their movement throughout the national economy as a whole.

The USSR Ministry of Finance Main Administration for Production of State Badges, Coins and Orders (Goznak) will provide for the manufacture of the stocks of enterprises and organizations.

6. Stock earnings (dividends) are to be paid out once a year at the expense of:

—assets of the fund for development of production, science and technology for enterprise (organization) stocks;

—assets of the material incentive fund (the wage fund) for labor collective stocks.

7. The payment of earnings (dividends) on labor collective stocks is not to be permitted at the expense of those assets of material incentive funds which are not subject to expenditure in connection with a violation of the normative correlation between growth of average wages and growth of labor productivity.

8. It is prescribed that stock earnings (dividends) that are acquired:

—by enterprises, organizations, banks, and cooperative enterprises and organizations are to be included in the total amount of their profits (income);

—by voluntary societies are considered deductions to these organizations and are not subject to taxes.

Earnings from the resale of enterprise (organization) stocks are to be deposited to those economic incentive funds at the expense of which they were acquired.

9. It is prescribed that earnings (dividends) on labor collective stocks are to be taxed according to the system envisaged for taxation of wages.

10. USSR banks, on a commission basis, are to extend to enterprises and organizations services connected with the distribution of their stocks, as well as services to purchasers with regard to the safekeeping, receipt of earnings, and resale of stocks. It is prescribed that commissions paid to banks for operations concerning stocks should not exceed 0.2 percent of the value of the distributed stocks.

11. The USSR Ministry of Finance and USSR Gosbank are to approve regulations (provisional) regarding procedures for issuance of securities by enterprises and organizations that have shifted to full economic accountability and self-financing.

12. It is stipulated that the issuance of labor collective stocks and enterprise (organization) stocks is a method for mobilizing monetary assets and does not change the status of enterprises (organizations).

13. The present decree is extended to cooperative enterprises and organizations taking account of the provisions of Article 22 of the USSR Law on Cooperatives in the USSR.

#### Readers' Questions Answered

18200088b Moscow *EKONOMICHESKAYA GAZETA*  
in Russian No 45, Nov 88 p 23

[Unsigned article: "Shares and Dividends"]

[Text:] At the request of the editors, I.P. Kitaygorodskiy, chief of the credit sub-department of the composite department of finances and currency circulation at the USSR Ministry of Finance, responds to questions from readers regarding the issuance of securities—shares—by enterprises.

[Question] What are the real possibilities of enterprises for attracting additional financial resources?

[Kitaygorodskiy] The practice of issuing stocks has shown that workers willingly loan a part of their own funds to enterprises.

On the other hand, many enterprises have at their disposal substantial free monetary assets, which cannot always be used in a timely way for the development of production. On 1 October 1988, free surplus funds in the accounts of enterprises exceeded 80 billion rubles. A part of these funds can be transferred, without harm to those who possess them, to other enterprises that have a need for funds (via the purchase of stocks from them).

[Question] Please explain in a little more detail about labor collective stocks.

[Kitaygorodskiy] When a worker invests his money in the economic turnover of an enterprise, he knows for what purposes his funds will be used and he gets a feeling of being an owner, of being responsible for the state of affairs at the enterprise. This, in turn, will contribute to democratization of production management, to a still greater interest by the workers in increasing production efficiency. To this end, the USSR Council of Ministers decree defines extensive rights for the labor collective in resolving questions concerning the issue of stocks and the conditions and procedures for their distribution.

Thus, the decision to issue stocks is made by a general meeting (conference) of the labor collective and is reflected in the collective agreement. It determines, in particular, the amount of the stocks to be issued, the size of earnings to be paid out on their basis, the goals toward which the funds received from the issue of stocks are to be directed, the maximum number of stocks per worker, etc.

It is not by accident that such broad rights are being given to the labor collectives. They are best able to take into account the special features of the work of enterprises, the level of worker earnings, and the possibility of effectively utilizing the funds that are attracted.

[Question] It is known that, during the present year, certain enterprises have reallocated in the form of shares a part of their material incentives fund that is not supposed to be utilized. Is this right?

[Kitaygorodskiy] No. Labor collective shares should be acquired by the workers only at the expense of direct deductions from wages in accordance with instructions or at the expense of personal savings. The enterprise is to maintain accounts of the funds accumulated and paid in by each worker. When these funds reach the standard price of a share, it will be issued. Utilization of assets from any other enterprise funds for the distribution of shares among the workers is not permitted.

[Question] What sources serve as a basis for paying dividends on labor collective shares and how large can they be?

[Kitaygorodskiy] It has been stipulated that, for enterprises operating according to economic accounting model No. 1, earnings on labor collective shares are paid out of the material incentives fund while, for work in accordance with model No. 2, they are paid out of the wage fund. Such a system of paying earnings is determined by the fact that funds invested in the turnover of enterprises afford them additional income which, as is known, is directed in accordance with norms into the material incentives fund. The more effective the measures which are carried out on the basis of the funds of enterprise workers, the higher will be the income from the shares.

It should also be kept in view that dividends on shares constitute supplementary earnings for the population, to which there has to be a corresponding commodity equivalent.

**[Question]** If an enterprise must pay out high earnings on labor collective shares, will this not lead to an infringement of the interests of those enterprise workers who have not acquired shares?

**[Kitaygorodskiy]** Such a problem does, in fact, exist. Earnings on labor collective shares which are paid out at the expense of the material incentives fund reduce the possibilities of an enterprise to pay out bonuses and other kinds of material incentives for workers.

When deciding the question of the size of earnings on labor collective shares, it will be necessary for an enterprise to conduct an all-round, serious examination of this problem and to solve it independently, in such a way as not to infringe upon the rights of enterprise workers who have not purchased shares.

It is difficult to make any kind of specific recommendations with regard to this question (for example, to limit the size of earnings on shares to 5-6 percent annually), as extremely varied situations can develop at enterprises. The labor collective must itself solve this problem, guided above all by observance of the principal of social justice.

**[Question]** The USSR Council of Ministers decree categorically prohibits the payment of dividends at the expense of material incentive fund (or wage fund) assets which are not subject to expenditure in connection with violation of the normative correlation between growth of average wages and growth of labor productivity. What is the basis for this restriction?

**[Kitaygorodskiy]** The USSR Law on the State Enterprise (Association) stipulates that an enterprise is obligated to ensure, in keeping with approved norms, an increase in labor productivity that outstrips the growth of average wages. If this correlation is violated, enterprises do not have the right to expend a corresponding part of their material incentives funds. They may transfer this portion only to their funds for enterprise social development or for the development of production, science and technology.

The strictest possible observance of the normative relationships between growth of average wages and growth of labor productivity is the basis for stability of currency circulation. Violation of this relationship can intensify a disproportion between the mass of money in circulation and its commodity equivalent.

**[Question]** Under what conditions can enterprises attract the free funds of other enterprises in the form of shares?

**[Kitaygorodskiy]** A decision about the issuance of enterprise shares for free sale to other enterprises and the size of dividends on them is made by the administration of the enterprise in coordination with the council of the labor collective. Shares are acquired by enterprises at the expense of their economic incentive funds. Of course, enterprises will first of all utilize the assets of production, science and technology development funds for these purposes.

**[Question]** What is the sense in some enterprises investing their funds in the turnover of other enterprises for purposes of developing their production?

**[Kitaygorodskiy]** Enterprises, as is known, are tied to one another by product deliveries, by production cooperation. The purchasers of output are directly interested in broadening the production possibilities of their suppliers, in their timely fulfillment of contract obligations for product deliveries.

Thus, the issuance of shares by enterprises and their distribution among other enterprises will facilitate an expansion of business contacts and production ties among enterprises.

**[Question]** And if an enterprise that has invested its own funds in the turnover of another enterprise, that is, that has purchased shares, wants to get its money back? Is it possible to do this?

**[Kitaygorodskiy]** Enterprises that have distributed shares among other enterprises may use the funds they receive to carry out large-scale measures with a long-term cost-recovery period. Therefore, it may not be possible for them to return funds to the holders of the shares when first requested. At the same time, buyers have the right to resell the shares to third enterprises that have funds available and to recover the requested money.

**[Question]** But, indeed, it will not be so simple to resell them? Where could an enterprise—the holder of shares—find out about those enterprises which want to acquire them?

**[Kitaygorodskiy]** Enterprises will be able to obtain necessary information about enterprises which wish to purchase and resell shares in the bank branch which serves them.

When, on a commission basis in accordance with agreements with enterprises, the banks perform services connected with the distribution of shares, their safekeeping, the receipt of earnings, and their resale, they will of course gradually accumulate the necessary information about enterprises selling and purchasing shares to provide them with the assistance they require.

**[Question]** Certain enterprises, having issued shares, have arbitrarily changed their name, terming them joint stocks [aktsionernyy]. Is this legitimate?



[Kitaygorodskiy] The issuance of shares by enterprises is a means of attracting funds and does not change the status of the enterprise. This means that an enterprise which issues shares does not become a corporation, a company, an association, etc. As formerly, it operates in accordance with the Law on the State Enterprise (Association).

[Question] What procedures for the issuance of shares have been established for cooperatives?

[Kitaygorodskiy] Article 22 of the USSR Law on Cooperatives in the USSR sets out in detail the conditions and procedures for the issuance of shares by cooperatives and their alliances (associations).

Shares are distributed among the members of cooperatives and persons working in them on the basis of a labor contract, enterprises, and organizations.

The nominal value of shares and procedures for the payment of dividends on them are determined by a general meeting of the cooperative. In this connection, the total value of shares cannot, as a rule, exceed the total annual gross earnings of the cooperative and remains unchanged for the entire period they are in circulation.

The size of dividends on shares is determined at a general meeting of the cooperative, with the participation of the shareholders, based on the achieved level of earnings of the cooperative and the tasks which stand before it.

At the present time, the USSR Minister of Finance and USSR Gosbank are developing regulations regarding procedures and conditions for issuing securities.

## REGIONAL DEVELOPMENT

### Budget, Finance Issues of Republic Economic Accountability Addressed

18200074 Moscow *EKONOMICHESKAYA GAZETA* in Russian No 44, Oct 88 pp 8-9

[Article by V. Panskov, USSR deputy minister of finance: "Territorial Economic Accountability: Income and Expenditure"; first paragraph is *EKONOMICHESKAYA GAZETA* introduction]

[Text] Problems of restructuring methods of managing regions on the basis of self-financing and self-provision principles, undoubtedly, occupy one of the key places in the series of central, key problems concerning the introduction of the new economic mechanism. The need for utilizing these principles as applied to the activity of territories and for strengthening the dependence of their economic and social development on the amount of earned money is dictated by life. The decisions of the 27th CPSU Congress, materials of the June (1987) Plenum of the

CPSU Central Committee, and decrees of the 19th All-Union Party Conference discuss the importance of introducing economically accountable relations in territorial administration for the purpose of increasing the efficiency of the entire national economy.

### To Work Without Subsidies

The existing system of forming the financial resources of regions does not create interest on the part of councils of ministers of the Union republics and local bodies in increasing the efficiency of work of enterprises and associations located on their territory. The funds, which Union republics and local soviets can have at their disposal, do not depend on the economic development of regions and their contribution to the country's economy. Additional income received on the initiative of soviets is taken into account in the next year's plan and the hitches and lags allowed are automatically compensated with deductions from general state taxes and income.

It is not surprising that moods of dependence have taken root in many regions. The high rates of growth of their budgets' expenditures are not compensated with an increase in their own income and gaps are covered through an increase in deductions from general state taxes and income and often also in the form of direct subsidies.

In recent years an increase in the share of deductions from general state taxes and revenues has been characteristic of all territorial budgets. This share in the revenues of budgets of the Union republics has reached 50 percent and in local budgets, more than 70 percent. In 1980 and 1981 a subsidy was allocated only to the Kazakh SSR budget (0.6 billion rubles). For 1982 and 1983 the budgets of all the Union republics were compiled without subsidies from the Union budget. During subsequent years, however, the number of republics receiving subsidies has been increasing and their sum has been rising annually.

What picture is formed for 1989? According to the draft of the state budget the expenditures of budgets in a number of the Union republics greatly exceed the sum of revenues and taxes—both all-Union and those directly entered in the budget of a Union republic—received on their territory. For example, subsidies from the Union budget in the amount of 5.9 billion rubles (see table) had to be provided for the Kazakh SSR, the Uzbek SSR, the Tajik SSR, the Kirghiz SSR, and the Turkmen SSR.

### What Has Already Been Done?

Individual provisions of territorial economic accountability concerning finances have already been reflected in a number of decrees on problems concerning a fundamental restructuring of economic management and are introduced into practice successfully. In particular, in order to increase the responsibility and economic interest of local soviets in increasing the efficiency of

work of all enterprises located on their territory, payments from the profit of enterprises of Union subordination into local budgets according to normatives stable until the end of the five-year plan have been introduced. Beginning in 1989 all enterprises of Union subordination will enter a part of their profit, as well as charges for labor resources, into local budgets. The practice of transferring deductions from the turnover tax in fixed amounts in relation to the retail trade turnover volume into local budgets has expanded significantly.

Bringing places of production and realization of net income closer to each other is the most important prerequisite for the utilization of the principles of territorial economic accountability. For these purposes the transition to the payment of the turnover tax directly by enterprises manufacturing products is being completed. In 1989 a total of 92 percent of the tax will be paid by such a method and in 1990, its entire volume. The fact that as of 1989 all material production will operate under conditions of full economic accountability and self-financing contributes to the introduction of territorial economic accountability.

It is already possible to talk about the application of individual elements of economic accountability in the activity of organizations and institutions financed from the budget. In accordance with the decisions of the June (1987) Plenum of the CPSU Central Committee an incentive system for collectives of social and cultural institutions for an economical and efficient use of state funds, when the established indicators of activity are fulfilled, has been introduced. The funds based on the estimates of expenditures of budget institutions of education, science, public health, physical culture, and social security, which are saved as compared to the norms, are left at their disposal. These funds are transferred to a separate bank account and can be used for the payment of bonuses and wage increases, provision of material assistance, improvement in working and living conditions, strengthening of the material and technical base of institutions, major repairs, and other social and production needs. According to the results of work in 1987 a total of 165.3 million rubles were transferred to special savings accounts.

During the drafting of the 1989 budget, current expenditures of the Union republics were planned according to consolidated stable normatives of expenditures as a whole on education, public health, social security, culture, public services and amenities in territories, and construction, repairs, and maintenance of motor roads. This is an important step in the establishment of mutual relations between the budgets of the Union republics and the Union budget on the basis of long-term stable normatives. It is understandable that, at the same time, the rights of soviets in selecting efficient directions in the use of the allocated appropriations expand.

Another preparatory measure for the transfer of territories to self-financing should be named. It concerns the fact that the 1989 draft budget clearly delimits the sources of

financing expenditures on the payment of the difference in retail and purchase prices of livestock, milk, and meat and dairy products. Appropriate funds for products delivered to the all-Union stock will be transferred to republics from the Union budget. The differences in prices of products consumed within the Union republics are paid from the revenues of republic budgets.

#### Unsolved Problems

However, all these individual elements of regional economic accountability are not yet linked together, are not directed toward the solution of the common problem, and weakly affect an increase in production efficiency. The theoretical aspects of economic accountability of republics, krais, oblasts, and cities have not been worked out. Scientists and practical workers still have to couch the concept of territorial economic accountability in clear formulations. Apparently, however, we should not and, moreover, cannot wait for the completion of this work. Without waiting for the end of theoretical substantiations it is necessary to solve in practice the accumulated problems of territorial development and to introduce the new economic mechanism of managing the regional economy.

What problems concerning the territorial aspect of the economic reform have now become especially urgent? They include the division of functions of centralized and regional planning, the structure of territorial administration, price formation, and relationships between state enterprises and local soviets. The problem of formation of territorial budgets and of their relationships with superior and lower budgets also occupies an important place. After all, the volume of financial resources at the disposal of an appropriate soviet of people's deputies predetermines the provision of plans for the development of the territorial complex with funds. Of course, nor should general state interests be forgotten in this case.

A wide discussion has now unfolded in the press: What should territorial economic accountability be? Putting forward various propositions, the authors are unanimous that the existing mechanism of formation of republic and local budgets should be replaced with a fundamentally new one meeting the demands of today. The problem of eliminating the expenditure nature of formation of budgets based on the need of every region for constantly rising outlays without dependence on the obtained revenues is raised with validity. It is proposed establishing strict responsibility and material interest in increasing the financial resources of a territory. The soviets themselves should draft and fulfill budgets without outside interference. In order that they may become the only managers of the earned funds, long-term (at least for a five-year plan) stable normatives of formation of territorial budgets are needed.

Basically, these propositions are supported by all the participants in the debate. There are serious differences of opinion concerning two fundamentally important



matters. First, concerning the amount of financial resources, which a region should have at its disposal, according to the amount of long-term stable normatives. Second, concerning the retention of the right of the Union budget to certain sources of revenues, which will ensure the possibility of redistributing financial resources between regions and economic sectors, as well as the financing of general state programs.

A wide debate on these matters has unfolded in the periodical press of the Baltic republics. Many propose that enterprises, irrespective of their departmental affiliation, make all payments to the local (republic) budget at the place of their location. Next, each of the lower budgets transfers, according to the normative, a part of its revenues to the higher budget: the rayon budget to the oblast one, the oblast budget to the republic one, and the republic budget to the Union one. Thus, all the revenues received on a republic's territory are its full property and it transfers a part of these revenues to the Union budget for financing general state measures. As a rule, only expenditures on the country's defense, foreign trade, and the managerial apparatus are meant by expenditures on such measures.

#### To Take State Interests Into Account

What objections does the proposed procedure raise? First of all, its advocates forget that the economic potential attained by a certain region and its financial well-being, as a rule, are ensured through investments of general state funds. The production structure existing in the region was being formed for decades. It happens that specialization in the production of certain products meets the needs of the entire national economy, not guaranteeing a high income for a given region, but increasing the financial opportunities of the consumer in another region. What will be if, as it is proposed, this provision is affirmed? Regions with highly developed and profitable industrial production will receive resources greatly exceeding their needs. But regions specializing, for example, in agricultural production will virtually have no funds. After all, kolkhozes and sovkhoses are not as profitable as, let us assume, industrial enterprises and, moreover, their deductions into the budget are smaller.

The realization of such an approach can have serious economic consequences, because territories fall out from the national economic complex. Essentially, financial resources will be used entirely for the economic and social development of a given region without dependence on general state interests. As a result, the possibilities of a centralized, structural, and investment policy are limited sharply. And, perhaps, the chief thing. The adoption of such a proposal will deprive the Union government of a stable revenue base, will make it fully dependent on republics, and will create an illusion of the Union government's dependence with an actually complete economic independence of republics. Thereby, the foundations of centralized economic management will

be undermined in a decisive measure. In our opinion, attempts at creating one-sided advantageous conditions for individual regions are directly at variance with general state interests.

Another circumstance is also of no small importance. Now the expenditures of the state budget exceed its revenues. In the meantime this shortage is concentrated in the Union budget and is partially distributed throughout the Union republics only in the 1989 draft budget. In the course of fulfilling the plan and the budget for next year they will have to search for additional financial resources—more than 11 billion rubles—for financing the expenditures envisaged in the plan. This comprises approximately 6.6 percent of their expenditures.

Are the movers of proposals on transferring all the revenues obtained on a territory to the Union republics and on deducting a part of them into the Union budget according to the set normative aware of the shortage problem or not, or do they not want to be aware of it? It seems that they ignore this problem. If we take away from the Union budget all the revenue sources and reserve only the right to receive a part of the revenues from a republic to it, it is quite natural that deductions should fully cover all the expenditures of the Union budget. This will rule out the possibility of maneuvering financial resources.

The line of reorganizing the management of local affairs on the basis of self-management, self-financing, and self-provision principles worked out by the 19th All-Union Party Conference does not set a full economic separation of republics as its goal. Being the logical continuation and intensification of the economic reform, this line is directed toward a fuller and a more all-around utilization of regional factors for an acceleration of the economic and social development of farms in the republic and the country as a whole.

Apparently, the problem of interrelationships of the Union budget and budgets of the Union republics within the framework of economic accountability of territories should be solved through a clear-cut distribution of the sources of revenues received in a certain budget. This will make it possible to ensure the interest of soviets in developing and increasing the efficiency of work of all the enterprises, organizations, and institutions located on this territory. The expenditures of corresponding budgets should be delimited just as clearly.

Apparently, expenditures from the budgets of republics and oblasts should include outlays on the construction of projects for production purposes at subordinate enterprises, expenditures on the construction, repair, and maintenance of housing, public health, educational, and cultural projects, local, oblast, and republic motor roads, land reclamation, water resources, forestry, and resettlement measures, outlays on the management and

improvement of territories, and a number of others. The procedure of making up for the difference in prices of agricultural products was already discussed above.

Expenditures on the payment of pensions could be financed directly from the state social insurance budget, excluding them from the budgets of the Union republics.

In our opinion, how is it possible to distribute the revenues between the Union budget and the budgets of the Union republics? It seems advisable to enter in the Union budget payments from the profit of enterprises of Union subordination (with the exception of the part transferred to local budgets), as well as other revenues and receipts assigned to it (revenues from foreign trade and so forth). The turnover tax and income tax on workers and employees remain an all-Union source and deductions from these funds into the budgets of republics are made according to long-term stable norms.

It is advisable to form the revenues of republic and local budgets from the following sources: payments from the profit of a subordinate farm according to the set norms, the income tax on cooperative and public organizations, and state taxes on the population (except for the income tax on workers and employees); local taxes and dues and various nontax revenues, proceeds from lotteries with money and goods as prizes and local loans, and other revenues. Furthermore, a part of the payments from the profit of enterprises of Union subordination according to stable norms (from the charge for labor resources and payments from the calculated profit) will also enter here. Apparently, such norms should be uniform for all enterprises on all territories. It seems that 50 percent of the charge for labor resources and 10 percent of the payments out of the calculated profit from the total sum of computed payments for enterprises of Union subordination are the most realistic. Deductions from all-Union state revenues and taxes (the turnover tax and income tax on workers and employees) will enter the budget of republics and local budgets according to stable norms set for the five-year plan.

Stable norms of all these deductions and payments establish a direct dependence of the expenditures of a republic's budget on the national income produced on its territory, because the profit and the turnover tax are its main components.

It is proposed that the revenues of budgets of the Union republics be formed through direct deductions of a part of the national income created on a republic's territory. However, it is highly complicated to implement this proposal in practice and an acceptable solution has not yet been found.

Finally, it is of no small importance that the revenues of budgets of the Union republics meeting today's needs for social and economic development make up, in the national income produced in them, from 23.4 percent in the RSFSR to 39.3 percent in the Uzbek SSR. According

to the author's ideas, a direct dependence of the development of republics on the produced national income means that the same amounts of revenues of their budgets from the national income received on a territory are established. In such a case, however, expenditures will have to be sharply reduced in some republics, while substantial additional resources appear in others.

#### How To Determine Normatives?

When solving the problem of relationships between Union and republic budgets, the following questions are of decisive importance: How and on what principles should these norms and their amount be built? Should they be the same for all the country's regions or differentiated? If differentiated, then according to what principle? To determine norms on the basis of a region's needs or its capabilities? How should general state interests be reflected in them?

The solution of these problems virtually rests against one thing: How to calculate the amount of the normative?

When calculating the norms of deductions by republics into the Union budget, it is possible to proceed from a full satisfaction of the needs of the Union budget for resources and to leave the entire deficit in republics. Then all republics should deduct the same share of the produced national income. It is possible to determine the normative so as to meet internal republic needs and to transfer what will remain to the Union budget. Then, naturally, the normative will be individual. Neither path seems promising. A number of Lithuanian economists proposed a method of determining an amount of deductions into the Union budget, which proceeds from the amount of budget expenditures per person living in the Soviet Union for the fulfillment of general state functions. This method suffers from a significant shortcoming: It places the Union republics under unequal conditions, because sharp fluctuations appear in the amounts of the national income transferred to the Union budget. The calculations performed at the USSR Ministry of Finance show that throughout the RSFSR, Belorussia, the Ukraine, Lithuania, Latvia, and Estonia the normative of deductions into the Union budget will comprise 22 to 28 percent of the national income, in Uzbekistan, 55 percent, and in Tajikistan, 65 percent.

Therefore, it should be a matter of norms of deductions from all-Union state revenues into the budgets of republics. However, the following question arises again: How to calculate these norms? There are two ways. The first is to approve norms, proceeding from the base, for example, of 1988 and 1989 plans and, possibly, the 1987 report as well. In this case all the existing shortcomings in management and differences in the level of development of individual regions will be reflected in norms. To determine the need of every republic for expenditures for 5 years, to calculate its own assigned revenue sources, and to set norms on this basis is the second way.

The needs for expenditures are calculated on the basis of control figures, limits, and normatives presented by Union bodies. The amount of profit on a subordinate farm, the limit of centralized capital investments for the construction of housing and social and cultural projects, and guaranteed norms of current expenditures in educational and public health institutions uniform throughout republics should be included in these indicators.

The following question can arise: In this case will territorial economic accountability not be incomplete and truncated? It seems that such fears are groundless. It is impossible to compare the economic accountability of an enterprise and that of a territory.

It is necessary to clearly answer one key question. Under the conditions of territorial economic accountability, will the equalization of the social development of every region, primarily in matters concerning the inhabitants' provision with hospitals, schools, housing, and other projects for social and cultural purposes, be fully attained with the earned funds? Or will these problems be solved in a centralized manner with state centralized capital investments allocated to appropriate territories and their financing sources? It seems that centralized planning should be also retained under the conditions of regional economic accountability. The rights of the Soviet people to free education, public health, and so forth, which are guaranteed by the USSR Constitution, should not be made dependent on the availability of funds in some region, be it a city, rayon, oblast, or republic. The socialist state must ensure a guaranteed level of social benefits for every resident. The possibilities of exceeding this level should depend on the availability of both material and financial resources in an economically accountable region.

In our opinion, normatives of interrelationships between the budgets of the Union republics and the Union budget built on the basis of the proposed methods make it possible to ensure an equalization of the economic and social development of republics through an allocation of centralized capital investments for the construction of housing, hospitals, and schools to them. At the same time, a certain minimal level of consumption of material wealth is guaranteed. Furthermore, the economic development of republics will take into account the interests of a single national economic complex.

Such normatives could be presented to the Union republics as part of the initial data for drafting the five-year plan and budgets for the corresponding years. On the basis of the initial data, republics work out and approve their budgets independently. The revenues additionally received during the drafting and fulfillment of budgets (and the savings in expenditures) should be completely left at the disposal of republics and local soviets and used for additional measures for economic and social development. Losses in revenues (above-plan expenditures) should not be compensated with higher budgets.

Under these conditions, with the earned funds regions will be able to raise the uniform norms of expenditures guaranteed to all republics for the current maintenance of public health, educational, cultural, and social security institutions. They themselves will determine the structure and size of the managerial apparatus and the expenditures on its maintenance and will be able to unify their financial resources for the solution of any regional production, social, and ecological problems.

Subsidies for State Budgets of the Union Republics (mill. rub.)

	1986			1987			1988			1989—plan		
	Volume of the state budget	Subsidy	Proportion in the budget volume, percent	Volume of the state budget	Subsidy	Proportion in the budget volume, percent	Volume of the state budget	Subsidy	Proportion in the budget volume, percent	Volume of the state budget	Subsidy	Proportion in the budget volume, percent
Uzbek SSR	8125	829	10.2	8902	1787	20.1	9012	1884	20.9	10024	1957	19.5
Kazakh SSR	11316	423	3.7	12250	818	6.7	12697	2541	20.1	14246	2696	18.9
Lithuanian SSR	3786	48	1.3	3784	230	6.1						
Kirghiz SSR	2146	110	5.1	2266	282	12.4	2388	556	23.3	2690	511	19.0
Tajik SSR				1977	244	12.3	2109	420	19.9	2374	320	13.5
Turkmen SSR	1511	213	14.1	1639	230	14.0	1683	345	20.5	1933	402	20.8
Total	26884	1623	6.0	30818	3591	11.7	27889	5746	20.6	31267	5886	18.8

#### Financial Base of Soviets

In our opinion, when solving problems of regional economic accountability, it is also necessary to envisage other ways of strengthening the financial base of soviets. It seems that it would be legitimate to permit them to introduce new (and to abolish existing) local taxes and dues, as well as to grant privileges to payers of taxes and

other dues fully entering appropriate budgets. It is advisable to permit the issue of local loans, holding of lotteries with money and goods as prizes, collection on a voluntary basis of funds for the realization of local goal-oriented programs, and performance of local unpaid mass work.



The transfer of a number of revenues, which are still entered in the Union budget, to the budgets of local soviets would contribute to the strengthening of their financial base. In particular, it is a matter of receipts of fines for administrative offences and of sums exacted from enterprises of Union subordination for concealing revenues or understating them (perhaps up to 50 percent), as well as of above-plan turnover-tax receipts at local industry, domestic service, and consumer cooperative enterprises.

There is an urgent need to grant local soviets rights to receive credits for purposes of production and social development of regions with the liquidation of loans from budget revenues.

The following most important conclusion follows from the above-stated: No matter what mechanism of territorial economic accountability we may create, it should combine regional and general state interests without fail. The country's unified budget system should be preserved. Granting regions extensive rights in an efficient utilization of financial resources should ensure an improvement in the final results of economic activity of enterprises and organizations located on a territory. After all, this is the basis for the republic's well-being and for increasing the general wealth and power of the multinational Soviet state.

**ESSR Gosplan Chairman on Estonian Khozraschet**

18200092a Tallinn SOVETSKAYA ESTONIYA in Russian 23 Oct 88 p 3

[Report on a question and answer session in the Estonian CP Central Committee involving the ESSR Gosplan chairman, R. Otsason, by P. Raydla, Estonian News Agency: "In the Paths of Restructuring: Culture and the Economy: Questions and Answers"; first paragraph is SOVETSKAYA ESTONIYA introduction]

[Text] The conception of an Estonia operating on the basis of economic accountability is now being discussed everywhere—in scientific circles, labor collectives, cafes, and even homes. . . . This is not simply interest, but also great hopes. In order to get better acquainted with the whole range of problems of the economic accountability of the republic, representatives of the creative unions and cultural institutions of the ESSR assembled on 20 October in the Estonian CP Central Committee, where their numerous questions were answered by the deputy chairman of the ESSR Council of Ministers and chairman of the republic Gosplan, R. Otsason.

First the question was raised, in what stage the development of the cultural conception of IME [Economic Self-Management for Estonia] now finds itself. The answer was: The overall conception of the IME encompasses only the most general principles and does not touch on the future mechanism of individual spheres of activity. Culture is very closely connected with the economy. Thus, resources, including those necessary for

the development of culture, are always limited. One of the first and foremost tasks in Estonia's transition to full economic accountability is the regulating of the system of wages. For example, during the period from 1981 to 1987 wages in industry increased by 40.5 rubles, but in cultural institutions—only by 12 percent, with the level of wages in the latter even previously being one of the lowest. To solve the problem, the republic must obtain the right to itself regulate comprehensively the entire system of wages. Now everyone only fights for himself. As far as the conception of the culture of the IME is concerned, the cultural workers themselves must take up its development. The economists are always ready to help with word and deed. There is hope that the recently created ESSR State Committee for Culture will soon overcome the difficulties of formation and will take up the business in earnest. It is impossible to delay this.

The participants of the meeting considered it necessary already to today to ponder the improvement of foreign language instruction, since foreign economic relations will increasingly expand. In connection with this, R. Otsason noted that, for example, the state of Schleswig-Holstein in the FRG has agreed to accept 12 people for the purpose of teaching them commercial affairs.

The question was asked whether nevertheless the planned economy is justified. R. Otsason cited as examples Japan and France, where a planned economy is also being run, but, it goes without saying, command methods are not being used there. What is more, the scheme for the plan is the difference. If in Hungary the entire plan for the development of the national economy finds room between the covers of one book, there are anecdotes circulating about the economic plan of the USSR to the effect that it must be transported from one room to another on a hand-cart.

Will the central apparatus in Moscow suffer any kind of damage from the IME? Answer: The need for many bureaucrats, who believed that the entire economy of the country is supported only by them, will simply disappear.

The question was asked whether opposition of the central apparatus with respect to republic economic accountability is being felt. At the highest level, everything is more or less okay, R. Otsason answered. But this one can notice in the union departments. If they talk about economic accountability, they frequently forget that the USSR as a state even now is operating on the basis of full economic accountability. Otherwise such a state could not exist. Thus, the IME is only advantageous for the Union as a single whole. R. Otsason expressed the hope that the top political leadership of the country will correctly assess the situation and support the aspirations of Estonia.

There were many discussions about the devaluation of the ruble, which can be compared perhaps with the *kerenki* [Kerensky rubles]—they also did not have commodity covering. Hence the question: Where to borrow

the capital? It is perfectly obvious that the transition to republic economic accountability, as if by magic, will not make us richer by one kopeck. Several possibilities exist to solve the problem. First of all, the introduction of a state intra-republic loan at high interest. For example, in the United States the intra-state debt is enormous, but the holders of the obligations have also certain advantages. Secondly, let us say, the sale of stocks. One can also borrow foreign exchange in the East or in the West. When our own foreign exchange is introduced, it must be issued in exactly the same amount as that for which there is commodity covering.

A number of those present expressed apprehension about whether, when republic economic accountability is adopted, correctives will not be introduced on the part of Moscow. R. Otsason answered: "I am convinced that the government of Estonia will not agree to half-hearted measures, besides, the people of Estonia will not allow us to do so."

The Gosplan chairman also explained why the West is interested in cooperation with us. First of all, in order to turn out production for the West on the territory of Estonia with our manpower. Secondly, the fact of Estonia's being part of the USSR can be used for the realization of its production even further to the East. About the joint enterprises existing today, it was noted that in their creation the interests of the republic were far from being in the foreground. For the time being, it is precisely the union departments that gain from them in the acquisition of foreign exchange.

In speaking about the status of the union enterprises, R. Otsason noted that, as a first step, their resources (industrial premises, equipment, rest homes, etc.) must be proclaimed the property of the republic. The present concept of state property is very vague. The objections that thereby Estonia turns out to be the co-owner of the Kremlin or the Hermitage are simply ridiculous. At the same time, it should be noted that every union enterprise, if it works profitably, is advantageous also to Estonia. This is why production relations, if they are efficient, should be preserved. The government of the republic concludes contracts with the union departments for the fulfillment of orders and the supply of raw materials. This can also be given to the enterprise itself to decide on the condition that it is the property of the republic.

There was a multitude of opinions and questions. According to the words of the chief of the Department of Culture of the Estonian CP Central Committee, T. Koldits, who conducted the meeting, the exchange of views was useful.

#### **Academician Keyerna on Special Economic Zone Status for Estonia**

18200092b Tallinn SOVETSKAYA ESTONIYA in Russian 25 Oct 88 pp 3-4

[Interview with Academician A. Keyerna by A. Favorskaya: "The 'Plusses' and 'Minusses' of the Special Zone"; first two paragraphs are SOVETSKAYA ESTONIYA introduction]

[Text] The idea of giving to Estonia the status of a special economic zone has recently been actively discussed in the republic.

The idea was advanced by Academician of the ESSR Academy of Sciences A. Keyerna after his recent trip to China and his acquaintance with the rapidly progressing economy of this country.

[Favorskaya] The readers, no doubt, have already heard about the results of the Chinese economic reform. But you have quite fresh impressions and even with such a concrete proposal—to borrow the experience of the creation of "a free zone." This is the result of the trip or did the idea arise earlier? And what does inspire you here most of all?

[Keyerna] I will cite statistical data that will speak for themselves. In 10 years, immense changes have taken place in China: The national aggregate product has more than doubled, the income of the population has also almost doubled. A billion Chinese are now provided with clothes and shoes, the standard of living is increasing, and the Chinese family now already sets itself the goal of acquiring a color television, a refrigerator, a washing machine, and all this in a short time—you see, China was economically backward and in terms of national income per capita ranked among the last 20 countries.

Thus, the economic reform produced such striking results. Thanks to what? This is the question to which I tried to find the answer during my official trip. There are two reasons here if we take the large picture: First of all, the fact that enterprises in China have now genuine independence and the population has all the conditions for the development of initiative and entrepreneurship. And the second reason is the fact that, not being able to cope with its technical and economic backwardness herself, China decided to attract foreign capital on a broad basis and created special zones open for this capital. Now, seeing the positive results of such zones, they have expanded this practice in the country still more and have opened up already 288 cities and districts for foreign capital. With its assistance, they are technically reequipping and modernizing its economy.

I was at such enterprises and became convinced: In actual fact, old plants and factories are being modernized on the latest technical and technological basis. Whole regions are being created that were previously not developed, where now modern production of high quality is being turned out, etc.

And here I decided to become more closely acquainted with the activity of these special zones. I was, for example, in the special zone which is located 50 kilometers from the city of Jiang-qin. It was created 3 years ago and has been functioning essentially for 2.5 years. Now 117 enterprises have been created there, of them 113 are joint enterprises with foreign capital, and 4—are purely foreign. The enterprises represent light industry, the

building materials industry, chemistry, electronics, the medical industry, and machine building, and turn out modern products both for export and for the domestic market of China.

For foreign capital, the free zones are attractive through the possibility to operate in the favorable conditions granted to it, to make the most of the preferential land lease, the preferential tariff for natural resources, and the preferential system of taxes. For China, apart from technical reconstruction and the modernization of the economy, this is yet another possibility to earn foreign exchange in order to operate in the world market, utilizing the international division of labor: To purchase what is needed where it is cheaper to produce, and what is cheaper to make at home—to produce and to sell itself. You see, part of the deductions from the sale of commodities abroad goes to the Chinese bank, as well as to the provincial authorities on whose territory foreign capital is operating. Thus the production-technical and technological base not only of industry, but also of agriculture is clearly transformed, since the enterprises, for example, turn out small tractors for the farms of small peasants and so on.

When not long ago, in the Council of Ministers of the republic, we discussed the report on the integrated program of scientific-technical progress to the year 2010, we had to establish that our entire economy is lagging behind the developed countries and is in need of complete technical and technological reconstruction, but in so doing the forces in our country are very insignificant for overcoming this backwardness even with the help of the industrial centers of the Soviet Union. This would be a very lengthy and protracted process. Here the thought occurred to me, why should we not utilize the basic principles and methods which the Chinese are using. Not transferring, it goes without saying, their experience mechanically, but utilizing the principal idea: To create a free zone in Estonia, and perhaps in Latvia and Lithuania as well. To open up our territory for foreign capital for the purpose of the rapid reequipment of our industry, agriculture, and other sectors of the national economy, their transfer to high technology and science-intensive production. Before this, I, like everyone else, was completely engaged in the conception of the IME. I was, of course, in the know about the fact that special zones exist and was interested in them, but I never thought about applying them in our country. However, it seems to me that this idea proceeds from the conception of the IME, where, as is well known, the idea of the technical reconstruction of our economy, as well as of the creation of free zones, was expressed already at the very beginning of the formation of positions. That is, these approaches do not diverge. The creation of the free zone presupposes the realization of those most fundamental principles forming the basis of the conception of the IME and the program of the Popular Front. And above all—the conclusion of a union agreement and the complete sovereignty of the republic within the framework of this

agreement, and the establishment of republic citizenship. All the more so because even in general it is impossible to create a free zone outside of sovereignty and a union agreement. For this reason, this idea represents the first concrete step from which we could begin at once to alter our economy—at once to restructure the economic mechanism on the basis new principles and at once to proceed with technical reconstruction. This is the whole point of this idea. So that the fear that the free zone is a repudiation of the principles and the conception of the IME and the National Front, it seems to me, is completely unfounded.

[Favorskaya] What sort of fears are these?

[Keyerna] For example, that this free zone is some sort of "pump", through which the union organs will pump over the convertible currency to themselves. This is groundless, because the conditions of the operation of foreign capital on our territory are established by the republic. Naturally, a certain percentage of the foreign exchange earnings can go into the union budget, since the republic within the framework of the union agreement allots so many funds for centralized functions—for diplomacy and defense. But all the conditions—how much, where, and for what services, on the basis of equivalent exchange or as payment for raw materials to other republics—all this is already stipulated in the agreements that are concluded with the representatives of foreign capital. In the case with the special zone guarantees are given to foreign capital. Correspondingly, any violation of the agreement on our part would entail an investigation on the level of the corresponding states. For this reason there can be no question about the growth of "appetites" in this connection—the pumping over of foreign exchange from Estonia.

[Favorskaya] But is there no danger of becoming indebted to the West?

[Keyerna] In this precisely lies the attractiveness of the idea that in the technical reequipment with the help of foreign equipment and technology we will not, as a rule, assume credits. We give foreign firms the opportunity to operate in our country. After some time, these enterprises are repaid and can fully go over into our ownership, as this, for example, happens in China. Neither a cent, nor a dollar, nor a single mark will we take on credit.

Further, they fear that in the special zone an avalanche of people will gush forth, new enterprises will spring up, manpower from the side will be attracted, and migration will increase. This argument also falls away because we will admit foreign capital, as a rule, not for the creation of new enterprises, but for the reequipment and technical reconstruction of existing ones. If necessary, old enterprises, with which already nothing can be done, will perhaps even be demolished and in place of them we will create what is really necessary. But by no means will this signify extensive development, on the contrary. Through intensification even some reduction of industrial activity



is possible. Correspondingly there will be an increase in labor intensiveness and, as a result, instead of the necessity of additional manpower, there may, on the contrary, even arise an surplus of it.

[Favorskaya] And the question of the quality of manpower does not arise here?

[Keyerna] The Chinese are a very hard-working people, but I would say that our people in Estonia also do not lag behind in this. And what up to now we lack in the sense of quality, we will obtain. As in China, centers for the training and retraining of cadres will be created, what is more, economic life itself, engineering and technology, compel people to adapt to these new conditions. And whoever does not adapt will go into the service sphere, will sell apples, gather and sell mushrooms—use his forces according to his abilities.

[Favorskaya] You are painting "a charming picture" from the capitalist world. . . . What is here from our way of life?

[Keyerna] They also ask this question of the Chinese: They say, you know, this is the same as capitalism, where is the difference?

The difference lies in the fact that all these processes encompass the industrial essence of socialism. And it is the same as under capitalism—productive forces. Socialist railways are the same as capitalist railways, machines—too, modern methods of the organization of labor and production are the same as capitalist ones, the methods of the organization of labor and production—too, with the exception of some social peculiarities, which are taken into account. The question involves the creation of an effective technical mechanism for the construction of the socialist society. We set as our goal the construction of a socialism under which people live in abundance. We need to repudiate the idea of "poor socialism", where all are equal in poverty. That is first of all. Secondly, basic in this case is not capitalist private ownership, but public ownership. The enterprises that are created with the help of foreign capital are not capitalist, but socialist enterprises. Although, perhaps, the proportion of foreign capital there is 60 to 70 percent, they are working in a socialist system. China, incidentally, is converting medium and large enterprises into joint-stock companies, where everyone becomes a proprietor, where a feeling of responsibility appears, material interest, and everything you like. Furthermore—the political system remains socialist, the ruling party—communist, and administration—in the hands of the socialist state. We do not have to fear anything. If tendencies of excessive social differentiation appear—someone, let us say, enriches himself incredibly, and this will call forth conflicts and collisions—this is subject to regulation on the basis of socialist principles. There is nothing to fear because socialism in the final analysis means that people should live in abundance.

[Favorskaya] But socialism—this is also the socialist protection of everyone.

[Keyerna] Precisely. The attraction of foreign capital does not eliminate social protection in the sense that an unrestrained pursuit of wealth will begin. On the contrary. The principles in this case, you see, are such that the enterprises are independent and submit to the market. And this means that we subordinate all of its activity directly to the consumer. Now the producer does not see the consumer, he sees only the plan, he works for plan tasks, he is also stimulated to fulfill the plan. And the consumer is on the other side of this "Chinese Wall" and cannot exert any influence on the producer. In this, you see, as is well known, lies the defect of our economic system—this is the directive plan, which fixes all details. It must be eliminated, the consumer must be directly linked with the producer. But this does not signify spontaneity within the framework of the country, since the market itself will be regulated in its turn by the state—for example, through the five-year plan, through investment, taxation and fiscal policy. The state should not interfere in the activity of the enterprises—to determine how many panty-hose or teapots to produce. It should intervene in investment activity—determine to what sectors to give priorities in the national economy, and then everything will come out right by itself.

[Favorskaya] And what problems did you observe in China? Not everything, probably, is going so smoothly there.

[Keyerna] Naturally. First of all, as in our country, many have already become used to working without enthusiasm. . . .

[Favorskaya] This in China?

[Keyerna] Yes, in China, too, since there also elements of the ethics of the kind of socialism which we need to avoid have penetrated the consciousness. People envy those who earn good money. The Chinese call this the syndrome of "red eyes." Secondly, since the economy now is in such an upswing, a high level of business activity has developed, I would say, an overheated business activity: In some periods, the growth of production reaches 25 percent, in August it was 18.3 all in all, everything is going terribly quickly. If we figuratively imagine that human energy in society is contained in a bottle of champagne, then we and you, in the Soviet Union, are beginning to open this cork just a little bit, so that there is not loud bang. The pressure goes out little by little: The financial organs, the inspections—they do everything in order not to proceed too quickly. The Chinese opened the cork at once—and the whole initiative of the people splashed out. Everyone from daybreak already pushes the pedals of a bicycle, is hurrying somewhere, is making haste, everyone is trading, is offering you a commodity, works here and there, seeks out opportunities to sell and to earn money—life is in full swing! There are no lines, there are enough goods. And there is no need to compose any programs to the year 2000

for the production of these goods. Everything has already been decided, the market is functioning fully. And here this "overheated business activity" has already gone out of control in the sense that an enormous demand for capital investments arises, which cannot always be covered with anything. Everyone wants to build something—new houses and enterprises, expand production, and purchase machinery, but capital, you see, arises on the basis of the production process, and not from somewhere out of the air, and no more and no less than withing the limits of the production of the national income. And here the state is tempted to print money in order to maintain this business activity—it goes without saying, with the hope of compensating for this later on. Well, they have inflation. Somewhere around 12-14 percent. . . .

So that the Chinese problem No 1 is the overcoming of this inflation and the cooling of the "overheated" business activity, in order to avoid the development of disproportions. For example, there was a problem of hotels in Peking [Beijing]: The city receives approximately a million visitors. They developed construction. Now one can easily find hotel rooms here, beginning with moderate ones, but, naturally, with service on the modern level, and ending with hotels of the Hilton type. Such a hotel economy has been created that even during the peak period the capacities are utilized only to the extent of 85 percent.

In connection with the inflation, as the amount of money in circulation increases, prices will also increase. For this reason, the Chinese, like us, are faced with a price reform. Incidentally, they are approaching this very carefully and are thinking about carrying out a reform sometime in 1992-1993, not earlier.

Well, the first signs of social differentiation are appearing in the country. For example, when I was there, there was a nationwide discussion about whether to accept a millionaire into the party. A certain young fellow, somewhere in the south of China, repaired an old truck and began to haul goods, made money in this business, purchased several more machines, and now already has his transport firm, more than 50 trucks and workers correspondingly, with an annual turnover of 3 million yuans. And he applied for entrance into the party. The local party organization did not accept him, a discussion arose, and sharp arguments are going on. They are proposing to accept him into the party nevertheless: They say that he is paying 600,000 yuans into the provincial budget, besides he voluntarily gave 300,000 yuans for a kindergarten, takes an active part in public life, and in general is an exemplary citizen of the city.

[Favorskaya] And why is he entering the party?

[Keyerna] He is a patriot of his country and wants to be a full-fledged citizen of it! . . . .

[Favorskaya] Evidently, we, too, would have to encounter all of these problems. But you want to say that this. . .

[Keyerna] This is life. And then what is the point? We lag behind the developed countries by 10-15 years, and in many sectors still more. If we do not take extreme measures now, it will be very difficult indeed in the future. And then what sense is there in holding on only to such dogmas that have become obsolete and are in contradiction with the objective trends of development, social relations, and productive forces? The thing is that life goes forward, and we, if we will continue in the same spirit, will fall increasingly further behind.

We decided to give priority to agriculture, for example. And this is completely correct in the sense that it is necessary to develop it properly and to bring its production-technical and cultural base and the social relations in the village in conformity with the tasks that are being put before agriculture. But this does not mean that, on the strategic plane, we take such a course that somewhere there, after the year 2000, Estonia will be an agricultural appendage of certain industrial regions of the Soviet Union and the West.

[Favorskaya] In the discussions, you referred to the words of M. S. Gorbachev to the effect that it is necessary to create a special zone in the Far East. . . .

[Keyerna] I was in Moscow in the Institute of the World Socialist System [as published]. There a whole department of scientific associates—specialists on special zones—is working. They generalize the world experience. They told me that the preparation of documents for the creation of such zones in the Far East and for Odessa is under way, work for Lithuania is being conducted and for the creation of a special zone and a technical park jointly with the Finns. In the opinion of these specialists, the broad conditions and prerequisites for this exist also in Tallinn, where there is an enormous port, which now is still not being used fully as it should be, where there is a certain industrial base, which should be altered and modernized, where skilled cadres are present, which is in close proximity to the Western market, and where foreign capital, probably, would gladly go, keeping in mind the traditional historical ties and special position of this zone.

[Favorskaya] You did not say whether such a model presupposes work on the domestic market of the country? And what will compel such relations?

[Keyerna] Presupposes without fail. You see, the enterprises must earn not only foreign exchange, but also funds with which to purchase raw materials on the domestic market (why bring something from Africa when it is available closer by?) But—on the basis of equivalent exchange. So that this would be a full-fledged market and a full-fledged economy.

I would like to underscore that all of this is only an idea, and an idea only within the framework of the impressions which I received in China. I do not thrust it on anyone. And if a doubt arises whether whether this does not undermine the conception of the IME, then I am ready to keep silent, I do not want to split our public opinion or sow doubts in any way.

[Favorskaya] But the sovereignty of the republic could serve for the idea of a special zone as a sufficient foundation?

[Keyerna] And, in my opinion, the creation of such a zone would also simultaneously signify sovereignty.

**Latvia's Bresis Describes Talks With Ryzhkov**  
18200092c Riga SOVETSKAYA LATVIYA in Russian  
27 Oct 88 p 3

[Interview with V.-E.G. Bresis, chairman of the LaSSR Council of Ministers by V. Semenov, correspondent of the Latvian Information Agency: "Topical Interview: The Path to the Solution of Problems Is a Constructive Dialogue"; date and place not specified; first paragraph is SOVETSKAYA LATVIYA introduction]

[Text] Recently the first secretary of the Latvian CP Central Committee, Ya. Ya. Vagris, and the chairman of the Council of Ministers of our republic, V.-E. G. Bresis, returned from Moscow, where they had a discussion with N. I. Ryzhkov, member of the Politburo of the CPSU Central Committee and Chairman of the USSR Council of Ministers. In the course of it, they touched on the most important questions of the development of the economy and the social sphere of Soviet Latvia, and other current problems of the life of the republic. Let us say frankly, still quite recently the content of such meetings became known only to a limited circle of people. But today, in the epoch of glasnost, the chairman of the LaSSR Council of Ministers, V.-E. G. Bresis gladly agreed to talk to the correspondent of the Latvian Information Agency, V. Semenov, about the course and results of this discussion.

The extremely lengthy discussion that took place can be divided, as it were, into three parts, said V.-E. G. Bresis. Nikolay Ivanovich Ryzhkov was very interested in the general state of affairs in the republic, the mood of the people and the workers, and he asked how restructuring is going in our republic as a whole. In this connection, a great deal of attention in the discussion was given to the problems of the creation of the People's Front of Latvia. N. I. Ryzhkov absolutely supports everything that in this movement goes for the benefit of restructuring. But the position of some members of the People's Front of Latvia and a number of their public statements call forth a certain anxiety by the fact that they are far from conducive to the renewal of society, but, on the contrary, hinder this process, for they do not proceed from the realities that have taken shape and do not set practical and concrete tasks.

[Semenov] Does this not call forth a certain suspiciousness and a certain disbelief that the processes taking place in the republic are positive in their essence and goals?

[Bresis] No one said anything directly about this to us, but I had such a feeling, to be honest. Unwholesome statements and illegitimate demands only hinder the movement forward, the movement to the social, economic, ecological and, naturally, moral improvement of Latvia. We must, first of all, look into the problems of our own house and bring cleanness and order to it.

[Semenov] But for this, it seems, it is necessary, first of all, to secure the transition of the republic to economic accountability?

[Bresis] The second part of the discussion was precisely devoted to these questions. It should be said that N. I. Ryzhkov is interested in seeing to it that every republic, including Latvia, has significantly greater economic independence, that they could actually find the kind of method of management of the national economy that would fully take into account the territorial interests and specific character of the regions. The principal desire was stated that all enterprises, including, undoubtedly, union enterprises, should take part in the development of the social sphere, as well as enterprises of the agroindustrial complex, in the solution of ecological problems. And not in words, but in deed—through material and financial resources, and through the manufacture of the necessary equipment for the agroindustrial complex.

The same was said about the fact that the Council of Ministers and other institutions of our republic must more strictly demand of enterprises that they observe the number of workers. It is necessary to completely exclude those situations where enterprises delay reconstruction and modernization, but increase volumes through increasing the number of workers.

[Semenov] And what was said about the prospects for the transition of the republic to economic accountability?

[Bresis] For the time being, the USSR Council of Ministers and Gosplan believe that at the present time there is not yet a perfected economic mechanism in the republics, and thus there are no full justifications for literally all union enterprises to become subordinated to the republic. There was also anxiety about the fact that, with a forced transition to economic accountability, the growth rates, the production output volumes, and the production relations that have become settled, let us say, may be disturbed, and this will have a negative effect as a whole on the national economy of the republic and the country.

Simultaneously the desire was expressed that the actions between the Baltic union republics, as well as the autonomous republics and the oblasts taking part in the economic experiment, should be coordinated in the future as well. It has been proposed, for example, to



assemble in November in the USSR Council of Ministers and to continue the development of a unified approach to this question. For this reason, we should intensify our attention to the problems of the introduction of republic economic accountability, and for this, evidently, a special republic governmental commission will have to be created in the near future.

[Semenov] Were any concrete and very urgent questions of the life of the republic solved during the discussion?

[Bresis] Without question. One-third of our discussion was devoted precisely to them. It should be said that the Latvian CP Central Committee and the Council of Ministers of the republic turned with a number of concrete questions to the USSR Council of Ministers and other organizations. The first among them concerns the food complex. As you know, now there is a shortage of grain in the republic. For this reason it is necessary to define more precisely the volumes of mixed fodders and concentrates, which will be allotted from state resources. And we received the firm promise that a certain amount of assistance will be extended. True, figures have not yet been mentioned, but, evidently, already during the first days of November we will receive concrete data concerning how much concentrated fodder the republic will receive in addition for the wintering. It is necessary for the workers of the agroindustrial complex to take this into account, to draw the corresponding conclusions and to refrain from a sharp reduction in the quantity of cattle.

We also expressed the desire of increasing the funds for consumer goods in the republic. This was motivated by the fact that Latvia is making a large contribution to the all-union treasury in terms of the production of these commodities. This question is being studied by the USSR Ministry of Trade with the goal of increasing the market funds for our republic.

When one of the most painful problems—the ecological problem—was examined, two basic questions were raised. The first—of the Riga purification installations. It is a well-known fact that at the present time the construction is being held back by the absence of certain components and equipment, for the acquisition of which foreign exchange is needed. The relevant organizations have been charged with finding a possibility of satisfying our request.

Things are more complex with the Slokskiy Cellulose and Paper Plant. We raised the question of closing four obsolete paper-making machines before 1989, and of reprofiling the enterprise as a whole beginning in 1991. Here we did not receive identical support because there is a very strained situation in the country with respect to paper. All of us already today know that the USSR Council of Ministers removed the limitations on subscription. For this reason, it is necessary to purchase a certain quantity of paper through import. In these conditions, the leaders of the country, understanding our difficulties, do not have the possibility of identically

supporting our aspiration to close the Slokskiy Cellulose and Paper Plant. But we will continue to pose the question about the reprofiling of this enterprise. Simultaneously we must nevertheless examine also such an alternative variant as the joining of foreign firms for the maximum increase of capacity and reliability of purification installations, so as to produce the republic's share of paper when the production volume is reduced.

The next question that we raised was the question of changing the limit of contract work of our construction committee for 1989. We believe that we should repudiate the construction of a number of industrial enterprises and other projects in order to direct more capacities into the priority development of the agroindustrial complex and to erect purification installations in a number of cities. In the near future, all of our proposals will be reviewed in the Gosplan of the country and other interested ministries and departments. However, we ourselves cannot be idle and wait for decisions from Moscow. It is necessary not only to conduct a constructive dialogue, but also to show persistence in defending the interests of the republic.

[Semenov] Thank you for the discussion.

#### **Specific Features of Estonian Khozraschet Being Worked Out**

**Government, Academic Figures Look Ahead**  
*18200059 Tallinn SOVETSKAYA ESTONIYA in*  
*Russian 16 Oct 88 p 3*

[Report by L. Sher on meeting of Estonian government and academic figures to discuss cost accounting in the republic: "A Glance at the Next Step Ahead"; first paragraph is source introduction]

[Text] The following persons met with I. Toome, secretary of the Estonian Communist Party Central Committee, in his office: R. Otrason, deputy chairman of the ESSR Council of Ministers and chairman of the republic's Gosplan; A. Keerna, chairman of the Planning and Budget Commission of the ESSR Supreme Soviet and vice-president of the ESSR Academy of Sciences; E. Tyugu, academician-secretary of the Information Science and Technical Physics Department of the ESSR Academy of Sciences; B. Tamm, rector of the Tallinn Polytechnical Institute; Ya. Kyarner, rector of the Tartu State University; O. Savell, rector of the Estonian Agricultural Academy; and M. Arvisto, prorector of the Tallinn Pedagogical Institute.

Why precisely these persons? This became clear when I. Toome formulated the topic for discussion: the principles of the concept of cost accounting for the republic have been defined and it is time to prepare for the next step—defining the specific ways to develop the republic's economy and culture under the new conditions. Academic and VUZ scientists have been called upon to

play an important part here. The TPI [Tallinn Polytechnical Institute] has begun to develop a concept for engineering and the ESKhA [Estonian Agricultural Academy] has worked out a draft of the concept for developing agriculture, but this is only a beginning.

R. Otsason emphasized that the machinery will have to be started up for the adoption of legal documents, but it must be known what needs to be changed in the sectors of the national economy and how to reorient industry and agriculture for this.

"We are looking for an answer to two problems," B. Tamm said. "The first one is how to shape the economy to acquire a tangible result as quickly as possible, and what our forces and assets should be concentrated on. It seems to us that a solution must be sought through the development of supermobile production enterprises which utilize science-intensive technologies. And the second problem is the development of those very technologies. We are conducting work here with the Information Science and Technical Physics Department of the ESSR Academy of Sciences. We believe that it is necessary to set up technological centers in Tartu and Tallinn."

E. Tyugu continued what had been stated by B. Tamm. He drew the attention of those present to a pyramid divided into three levels:

"The entire pyramid is the republic's cost accounting. The upper part is the political area, the middle part is the social area, and the bottom part is the engineering and technical area. Establishing small enterprises provides for the rapid development and mobility of production. If we establish a technological park and this need is clear to everyone, we will acquire a good foundation. Especially as mutually profitable cooperation with foreign firms is possible here. Without a free exchange of information higher technologies cannot be developed. But there is one more extremely important task—stimulating the activity of engineers and engineering thought. Frankly speaking, we have only a few really creative persons out of every 100 engineers now. There may be more, but thinking is not being stimulated. Moreover, with the establishment of cooperatives the brains have been going there, although at present the cooperatives cannot offer a businesslike engineer the scale to expand to the full extent. A really competitive system for stimulating engineering creativity must be developed for cooperatives in this relationship."

I. Toome: It is clear that we cannot develop all areas and directions of science. The objective obviously is to find a kind of "ecological niche" for ourselves where we can achieve leading positions not only in the country, but the world as well.

R. Otsason: So that our science becomes convertible, if we may express it that way.

"Our task is concentrated in the middle part of the pyramid," M. Arvisto noted. "In the TPyedl [Tallinn Pedagogical Institute] efforts have been concentrated on developing concepts in the area of education and culture. The draft of a concept in the field of sports will be completed soon. It seems to us that practical steps are needed first of all to renew the values of education and stimulate its continuity. We need a reorganization of the entire wage system for this. We must have broader participation in international research in order to take advantage of the experience accumulated by others and we must unite the splintered system of pedagogical science in the republic."

O. Saveli set forth the basic provisions of the concept for the development of agriculture developed in the ESKhA.

"Education and ecology—these are the two 'whales' whose value should be of top priority," he stressed. "The ESKhA now sees the objective as not only training agricultural specialists, but training teachers who will make farmers out of rural residents."

The university's contribution in accomplishing the overall objective is already extensive now, but it should become even more important. Yu. Kyarner listed a good dozen directions, if not more, being pursued now by TGU scientists and instructors. They include national sciences, in which interest has been sharply increased throughout the world.

The discussion was interesting and specific. In summing up, I. Toome stressed that no disagreements have arisen on the question of priorities. We must clearly realize that a cost accounting Estonia should not and cannot become anyone's agrarian appendage, despite the indisputed importance of agriculture. Incomes are needed for a cost accounting economy to function, and primarily from the production of our own modern industrial and scientific output. We must define relationships with other regions of the Soviet Union on a new basis, and we cannot manage without the help of scientific institutions and VUZes here. We must also define the mechanism for relationships with the rest of the world, based on the maximum openness possible and extension of direct ties.

The mass media were also reproached at the conference; by devoting a vast amount of attention to problems in the humanities, they somehow forget that the foundation of the pyramid of the republic's cost accounting is engineering and technical thought. And journalists could be of considerable assistance in enhancing the prestige of engineering work by specialists in the national economy. Continuing contact with the press and propaganda on engineering thought should become one of the important objectives of the ESSR Union of Engineers which is being established.

**Narva—Model for Khozraschet in Cities**  
18200059 Moscow SOVETSKAYA ESTONIYA in  
Russian 19 Oct 88 p 2

[Interview with V. Malkovskiy, first secretary of the Narva Gorkom of the Estonian Communist Party, by G. Komlev, SOVETSKAYA ESTONIYA correspondent: "A City's Cost Accounting"; first two paragraphs are editorial introduction]

[Text] In the theses published in the press recently on the concept of republic cost accounting, an important role is assigned to the economic independence and self-management of individual regions—cities and rayons. A model of city cost accounting is now being worked out for Narva. The theses of the party's Narva City Committee for the party's 28th reports and election conference, which were approved at the last plenum of the Estonian CP Gorkom on 24 September and submitted for general discussion by the city's residents, will postulate the necessity for "a new mechanism for economic relationships between labor collective councils and the city soviets of people's deputies, for a city budget to be shaped on a normative basis, and for a city to make the transition to economic relations with the republic and the country based on the principles of cost accounting and self-financing."

Our correspondent met with V. Malkovskiy, first secretary of the party's Narva Gorkom, and asked him to respond to a number of questions regarding Narva's future "economic sovereignty."

[Question] Vladimir Sergeyevich, what are you basing your approach to the problem of city cost accounting on, that is, what is the "technical and economic substantiation"—the TEO—for it?

[Malkovskiy] I would add the social and psychological justification as well; it is no less important than the TEO, in my view. The scientists from whom we ordered a model for city cost accounting did not begin their work by conducting a sociological study of the different strata of Narva's population without a purpose.

The principle and determining factor in the city's future economic mechanism is a clear understanding of a simple truth by each labor collective and resident of Narva—the better we work, the better we live. This slogan, which is far from new, has been badly compromised in the eyes of persons who have essentially been alienated from production management as well as from the fruits of their labor.

On the other hand, some people still naively assume that we solve all our problems by electing the most energetic deputies in the most democratic way. And we forget at the same time that in order to carry out the mandate of the voters and to meet their needs, the deputies need a sufficiently strong economic potential, which the local soviets have actually been deprived of today. The dominant influence of the departments and the impotence of

local soviets—this is what city cost accounting, within the framework of the national economic complex of the republic and the country, naturally, will help us to do away with. Only then will we be able to speak about really instilling a feeling of ownership among city residents, true authority for the soviet of people's deputies, and direct interdependence between the results of economic activity and development of the social area, and consequently the quality of life.

[Question] As far as I am aware, the building for city cost accounting will not be erected in an empty space: individual elements of its foundation have already been laid over the past year or two.

[Malkovskiy] Unquestionably. Two dozen of Narva's labor collectives are now working under the conditions of self-financing, and preparations are under way in the others for the transition to the new system of economic operation. And nearly all the enterprises that have extended the limits of their economic independence are conducting their business very well. The "Krengolmskaya Manufactura" [Krenholm Textile Mill] Combine, the furniture combine, the chrome leather plant, and the Narva ZhBI [Concrete Products] Plant are regularly meeting the commitments for deliveries. The production of consumer goods in the city has increased by nearly 6 percent.

Only one building materials combine is operating unstably, despite the introduction of cost accounting, for a number of reasons which require special discussion; this year it has been short on deliveries valued at nearly a half million rubles, it is not fulfilling the state order for consumer goods output, and it is not confining itself to the periods stipulated for technical re-equipment. Inclusion of the NKSM [Narva Building Materials Combine] in the "Silbet" Scientific Production Association has not produced the gain anticipated. The party organization and administration of the combine see a way out of the crisis by transferring the enterprise to its collective under a lease contract. The party gorkom supports this idea.

[Question] But after all, city cost accounting does not simply imply the sum of independent, self-managing and self-financing enterprises, but a unified economic organism capable of planning and carrying out large-scale socioeconomic and ecological programs.

[Malkovskiy] An organizational structure already exists in the city which will become a cohesive element for integration of individual enterprises into a regional economic whole when it is developed in the correct direction. I am referring to our MTPO—the interdepartmental territorial production association attached to the city soviet's ispolkom, which is the only organization of this type in our republic at present. Established last year, it has already blended confidently into the city's "economic landscape." Today the MTPO serves as the center for cooperative activity utilizing the facilities of the more than 40 enterprises which are part of it to develop the



city's social infrastructure, including housing construction, and provides them with supply, scientific and technical, commercial and other services. In the future, the association will shift to full cost accounting after dispensing with the financial "replenishment" of its management apparatus at the cost of voluntary subsidies from the assets of MTPO members.

But the decisive and unifying economic factor should become a strong local budget, developed from the profit withholding taxes of enterprises in the region on a normative basis and from the payment for the use of land, natural resources and manpower. After settling accounts with the republic budget, the city soviet will utilize the remaining funds at its discretion and naturally, in coordination with the enterprises' labor collective councils. At the last session of the Narva City Soviet of People's Deputies on 4 October, incidentally, it was suggested that a city association of labor collectives be established for joint solution (or statement) of problems of common interest. Such an association could become a good business partner of the city's soviet of people's deputies.

[Question] True cost accounting implies independent foreign economic activity as well...

[Malkovskiy] A strong start has already been made on this in the city. Krenholm has been in the foreign market with its products for a long time now, and it has proved to be fully competitive. Its exports are increasing from year to year and it is entering more and more new markets. Ties between the Narva textile workers and its foreign partners are being developed not only in breadth, but in depth as well. Thus, they have begun mutually profitable production cooperation with the Hungarian "Budaprint" firm and are organizing intensive business contacts with firms in Finland and Japan. The Krenholm workers already have a very respectable sum of foreign exchange to their credit (for a start).

The appearance of a Narva enterprise in the world market is directly beneficial to the entire city. For example, the combine and the city ispolkom made arrangements with authorities in the Polish city of Gdansk to exchange Krenholm fabrics produced in excess of the state order for consumer goods, cosmetics, and so forth that are in short supply here. It has been suggested that the so-called specialized [uzkaya] fabric, which is still being turned out by Krenholm but which is in limited demand, be exchanged for citrus plants in Nicaragua.

There are broad prospects in the world market for the "Baltiys" plant and the furniture combine. The former is negotiating to establish a joint venture with American partners and the latter is negotiating with the Yugoslavs.

The MTPO has also entered into its first foreign contacts. In particular, Italian businessmen have become interested in Narva's shale ash, which the Baltic and Estonian GRES's produce in abundance.

[Question] All the same, Vladimir Sergeyevich, if we count up all the "pros" and "cons," won't Narva turn out to be no better off than before in 2 or 3 years after the shift to full cost accounting on a city scale, and won't it run into debt? After all, there are a considerable number of gaps in a city economy today.

[Malkovskiy] The nature of Narva's economy and the quality of its output are the guarantee against the danger of bankruptcy. After all, the lion's share of our enterprises' output consists of goods which are in stable and continuously growing demand. These include electric power, fabrics, leather, and furniture. Even under the present system of prices, which are very relative economically, these commodities will provide the city with a comfortable existence.

But we have to patch up our economic "holes" very resolutely, of course, so that none of the profit acquired escapes through them. City passenger transportation and certain types of services—domestic services and communications—are operating at a loss at present. I already mentioned the problem of the Narva Building Materials Combine. We have to look for efficient means of normalizing these areas of Narva's economy or else they will become a heavy burden on the city's budget.

[Question] And a final question: how will city cost accounting blend in with republic cost accounting?

[Malkovskiy] I think that when it is introduced the city should be like a half-step ahead of the republic, just as the enterprises have to make the transition to cost accounting before the entire city does. That is, a movement from the bottom to the top, from the particular to the general. The city/rayon occupies a central position in the economic triad (enterprise-city/rayon-republic). It is precisely the one that receives the deductions and taxes from the enterprises in its territory, and it is the one that settles accounts with the republic budget. There are supporters of another model as well: the enterprises pay their taxes directly into the republic budget, and funds are distributed from there to the cities and rayons. In my view, this last alternative is absolutely unacceptable, because it replaces the current bureaucratic centralism of the union with that of the republic, which is just as bureaucratic, and we need not mention city or rayon cost accounting. Fortunately, the first alternative is used in the theses on the concept of cost accounting for the republic, which suits us completely.

#### ESSR Economics Institute Deputy Lugus Interviewed

18200059 Tallinn SOVETSKAYA ESTONIYA in  
Russian 20 Oct 88 p 2

[Interview with Olev Lugus, deputy director of the Economics Institute of the ESSR Academy of Sciences, by SOVETSKAYA ESTONIYA correspondent Ya. Tolstikov: "Regional Cost Accounting: Will the Miracle Come True?"; first two paragraphs are editorial introduction]

[Text] As is well known, the press has published the theses for the concept of cost accounting in the Estonian SSR, drafted by the provisional scientific collective of the

Economics Institute of the ESSR (see SOVETSKAYA ESTONIYA, 30 September and 1 and 7 October 1988). The editorial office once again appeals to its readers to send their remarks and suggestions on the concept, either to the Institute or to SOVETSKAYA ESTONIYA.

Today we are publishing an interview by our correspondent Ya. Tolstikov with the deputy director of the Economics Institute of the ESSR Academy of Sciences for scientific work Olev Lugas, one of the co-authors of the concept of economic self-management for Estonia. The discussion, it goes without saying, touched on the recently published theses.

At the beginning of the discussion I asked O. Lugas if the picture painted in the preamble of the theses was not too gloomy "...with each year we move farther and farther away from the developed states with respect to objective parameters such as the average longevity of the population, infant mortality, the gross national product, the living standard, and so forth." The scientist responded: the picture is not very pleasant for us, of course, but it is completely realistic. An article was published in IZVESTIYA recently which demonstrates conclusively that statistics during the years of stagnation deliberately exaggerated many of our development characteristics in comparison with the United States, although the situation was actually much worse.

But here is the first question, which relates directly to the theses of the Economics Institute's working group:

[Question] Many hopes are being placed on full cost accounting for the republic now. Are they justified, and will the miracle come true? In other words, will we begin to live better as a result or will our standard of living decline at some point since it is not so simple to begin operating under the new mechanism?

[Lugas] Very likely it will not be worse anywhere. And the main objective of republic cost accounting is to improve the republic's socioeconomic conditions and to make life more humane. And we cannot make do with a cosmetic repair now; we need fundamental restructuring. The concept for republic cost accounting calls for this as well. It has aroused the enthusiasm of the people and a considerable number of promising, emotional statements are being made, including by scientists. But after all, it has not been ruled out that we will have to tighten our belts a little more, that we will have to sacrifice something, in the initial stages. The danger of a decline in the standard of living in the initial period regrettably exists. The strategy for transition must be organized so that this does not take place, of course. But we cannot expect a major return right away. Some persons are rushing us: let us have it right away—we'll eliminate the problems as they come up. I consider this an incorrect approach; we must weigh a problem properly over and over again in order to resolve it fundamentally and in combination with other problems.

[Question] Full cost accounting means that we will have to feed ourselves by relying exclusively on our own resources. Will we provide for ourselves?

[Lugas] If we have to feed ourselves, we will, but how and with what? What is the quality of our nourishment? As an example, we have no oranges or bananas, even for the children, but in neighboring Finland these fruits are being sold practically the year round. We do not have many medicines. We have to spend assets, and quite a few of them, obviously, on all this. We must develop a mechanism which provides the incentive to turn out products of high quality; this is problem number one for us now. Products which are competitive and of exceptionally high quality are needed for equivalent exchange with other regions of the USSR, as well as with foreign countries. Implementation of the IME social program depends primarily on how efficiently our industry will function as the leading sector of the national economy.

[Question] Industry, but not agriculture?

[Lugas] Yes, on no account can we reduce the proportion of industrial production in the overall balance. It is necessary to refine its structure and improve its efficiency and quality. Agriculture will also be developed, of course, but its proportion should remain at the previous level, in my view. Agriculture is subsidized by the state in practically all developed countries in the West, incidentally. The Northern Baltic is not the Southern Ukraine. And each additional kilogram of meat (at existing prices) acquired in Estonia means new state subsidies. This is useful to know.

[Question] It is common knowledge that there are many arguments about whether the republic is living at others' expense; doesn't it import more from other regions than it sends into the national market? How is it in reality—are there convincing estimates?

[Lugas] The so-called intersectorial balance is compiled once every 5 years. Last year we had data from 1982 at our disposal, and we are now completing processing of the 1987 results. But unfortunately, an absolutely complete financial (and currency) balance for the republic's national economy as a whole does not exist yet. We do not know the share held by a number of union enterprises, such as "Dvigatel," in this connection, for example. The methods of calculating the financial balance themselves have not been perfected in many respects. It is necessary to take into account, for example, that we are selling our meat and dairy products in the national market at prices which are lower than in certain other regions of the country, for some reason. A similar situation exists with electric power; it is being sold in certain cases at a price lower than its production cost. This is not normal, of course, and requires serious adjustment. Along with meat, we are exporting part of the state subsidy as well. In calculations that were made previously, this factor was not taken into account. If these and certain other nuances are taken into

account—and it is simply necessary to do this—we find that export and import volumes are roughly equal to each other in comparable prices. Estonia is not living at others' expense!

[Question] And what is the situation with convertible currency?

[Lugus] The situation is a little worse here. According to expert estimates, we ourselves are earning only a third of the currency which we subsequently spend for our own needs. We receive two-thirds as unique subsidies from the union fund. With the shift to full cost accounting, this source of additional currency will be cut off, obviously. But currency is extremely necessary to us, and in larger and larger amounts. What is to happen?

Three-fourths of all hard currency receipts in the country come from the sale of oil, gas, and other sources of power. We have hardly any such sources in the republic. For this reason, one of the alternatives is to leave the currency situation at the same level where it has been until now and pay to acquire it from the union fund with our own commodities. On the whole, the idea is to earn the currency ourselves. Planning future development by incurring debts is a very questionable path. Some scientists and practical persons have suggested that a special economic zone be created in Estonian territory and that foreign capital be attracted with preferential conditions. We must think about this more seriously, however. The establishment of joint ventures and so-called technopolises (in Tartu, for example), and so forth deserve attention. But in any case, without additional foreign exchange we cannot accomplish the main task—raising the republic's production potential to a competitive level. In this connection, there is one more important problem—personnel. We must develop cadres of managers, first of all, to maintain the expanding foreign economic ties. And naturally, employees with a minimum of specialized education at the secondary technical level to handle the new equipment and technology.

[Question] The most tempting and at the same time the most difficult problem, perhaps, is introducing our own currency in the republic. How would you comment on this situation? How practical is it to put into effect?

[Lugus] Creating our own currency is unquestionably the most important social and political problem. The problems of introducing our own currency have been discussed rather fully in SOVETSKAYA ESTONIYA, in the article by Reyn Otsason, "Estonian Money?" (the issue of 28 September 1988). I would like to touch upon just one aspect of the problem here. It is common knowledge that the countries of the European Economic Community are now raising the question of creating a single currency for their states, but we, on the other hand, want something directly the opposite of this. But there are no contradictions here, all the same. We must take into account the level of development of the Western countries and our level of development. The lag is striking. So based on our

present level of economic development, whether or not to create a currency for the republic is an absolutely legitimate question to raise. A republic making the transition to regional cost accounting should protect its economic interests, and this can be done with the help of its own currency. It is common knowledge that there are other suggestions as well—introduction of a checking system to purchase commodities produced in the republic, and so forth. At a conference of specialists from the three Baltic republics held in Riga from 21 to 23 September, "coordinated basic principles for republic cost accounting" were adopted; they also included a provision for the republics' own currencies, that is, our proposals met with support in both Latvia and Lithuania, in spite of the objections from some Moscow scientists. At the same time, we are being guided by the Leninist concept of the federal system of the USSR—only the functions of defense and foreign policy should be under the authority of union organs. We understand this to mean that the economic system should be completely under the authority of the union republics. Hence it follows that the circulation of money, if there is an objective need for it, should be in the hands of republic management organs, naturally, when a definite national system of money circulation is retained.

[Question] A question which probably concerns many people and which has been asked before: will Estonia under cost accounting be able to exist among many other regions of the country that are not under cost accounting?

[Lugus] It should be noted first of all here that we in Estonia are not alone at all. As already stated, work to develop the concept of republic cost accounting is under way in Lithuania and Latvia as well. Lithuanian scientists began this work after we did, last March, but they published their proposals to the USSR Council of Ministers on this in October. And preparations for the shift to cost accounting are also under way in other regions of the country—in Moscow, Leningrad, and Sverdlovsk, for example. As far as a great many other regions are concerned, it is true that they are really just thinking about cost accounting there.

Will we be able to carry out our innovations under such conditions? I think we will be able to. I am an optimist here. Although there are many difficulties such as this, for example. Cost accounting implies free, mutually beneficial trade in goods among regions. But what about the trade that now is regulated in accordance with the allocation of funds? I think that we need a special contract here which provides for the delivery of all the products, raw material and materials now being funded at the level and prices which have taken shape to date. We are not saving any hothouse conditions for ourselves, although everything should remain as it is with the shift to cost accounting—right up to the conduct of free wholesale trade in all products throughout the country. That is, this kind of measure is necessary in a specific, transitional stage.



[Question] What is the fate that awaits the enterprises of union subordination with the shift to republic cost accounting? After all, suggestions such as these are being made: they will be closed, "evicted" from the republic's territory, and so forth. What can you say about this?

[Lugus] There can be no discussion of an "eviction," of course. The republic should continue to turn out products needed in the union market in order to obtain the goods and products we need. The only question is what these products should be. But at the same time, the proportion of the republic and local—city and rayon—state order will gradually increase. The concept provides for republic soviet organs, in coordination with local organs, to begin giving these enterprises a license to turn out one product or another, as well as to put new items into production.

[Question] The concept we are discussing was developed at the Economics Institute. But it is common knowledge that other groups of scientists have been engaged in this work at the same time.

[Lugus] It is true that the problem-solving council of the IME, which operates under the "Maynor" is working out its own concept of republic cost accounting (scientists from the TPI [Tallinn Polytechnical Institute], the TGU, and other institutions are there as well). This concept will also be published soon for discussion.

[Question] Are there major differences between these two concepts?

[Lugus] I don't think there are any fundamental differences. But we both have worked out individual provisions more thoroughly. The ministries and departments and the local soviets should discuss the concepts by 1 November and submit suggestions and remarks in accordance with their sectors and present them in the Presidium of the ESSR Council of Ministers. The final version of the concept should be worked out by 20 November. It will not be possible to actually begin the shift to the conditions of republic cost accounting before 1 July 1989. Lithuania has also planned the same period of time. However, it is likely that the entire following five-year plan will be required to implement the transition.

[Question] And how soon will we see a return from this?

[Lugus] Not before 2 or 3 years. But I would call this a very optimistic period of time.

...

In conclusion, I would like to say a few words as a journalist. The problems of relations between nationalities have literally obscured many other things from us. These problems are being discussed in the press, and relations between nationalities are invariably a topic of many of our everyday conversations. Isn't there really anything more important?

Meanwhile, the problems of regional cost accounting are the platform which could unite literally all sections of the republic's population, regardless of their nationality. So let us unite! It depends on us whether the economic miracle, the IME, will come true in Estonia and whether we will begin to live better. On our persistent work together. There is no other possibility.

#### Department Chief Describes New UkSSR CC Social-Economic Department

18110022a Kiev RADYANSKA UKRAYINA in Ukrainian 20 Nov 88 p 2

[Interview, published under the heading "Restructuring of the Party Administrative Apparatus: Ukrainian Communist Party Central Committee," with A. P. Savchenko, chief, Social-Economic Department, Ukrainian Communist Party Central Committee, by RADYANSKA UKRAYINA correspondent L. Brovchenko: "Economics Through Man"; first two paragraphs are RADYANSKA UKRAYINA introduction]

[Text] On the basis of the principles formulated at the 19th Party Conference, the October (1988) Plenum of the Ukrainian Communist Party Central Committee determined that it was appropriate to have, among five commissions, a commission to deal with matters of social and economic development. What is the mandate of this commission? How does it differ from the social-economic department? In what areas will the recently-formed social-economic department of the Ukrainian Communist Party Central Committee operate, and what are its functions?

A. P. Savchenko, chief of the social-economic department of the Ukrainian Communist Party Central Committee, answers these and other questions presented by a RADYANSKA UKRAYINA correspondent.

...

[Brovchenko] Anatoliy Petrovych, in contrast to the September CPSU Central Committee decree entitled "On Establishment of CPSU Central Committee Commissions and reorganization of the administrative apparatus of the CPSU Central Committee in light of the resolutions of the 19th All-Union Party Conference," which designates a chairman of the commission on matters of social and economic policy, the Ukrainian Communist Party Central Committee Plenum decree on establishment of corresponding commissions and reorganization of the administrative apparatus of republic party bodies does not specify a chairman for the commission on matters of social and economic development or for the other four commissions. As is indicated by the editor's mail, this did not go unnoticed by the readers of RADYANSKA UKRAYINA. Therefore on their behalf I would ask you first of all to state exactly what your job and position is in order to bring some clarity to this matter.

[Savchenko] The Ukrainian Communist Party Central Committee Plenum decree you mention deals with establishment of a commission on matters of social and economic development, the membership of which will include members and candidate members of the Ukrainian Communist Party Central Committee, workers, engineers, economic managers, Soviet and party workers, and specialists in scientific fields. The social-economic department of the Central Committee administrative apparatus is, so to speak, a working body of this commission, which will conduct the daily work on these matters and will assist the commission members. The commission is to be headed by one of the secretaries of the Ukrainian Communist Party Central Committee.

[Brovchenko] We would also like to hear about the structure of the new department, the functions it will be performing, and the areas in which it will be operating.

[Savchenko] In forming the new Central Committee administrative structure, the Politburo proceeded from the party conference resolutions on reorienting party committees toward ideological support of development of the economy and political methods of administration and management. Administrative reorganization consists essentially in moving away from the branch principle and reducing staff size. The branch subdivisions of the party Central Committee had a narrow ministerial directional focus. The existing structure tended to scatter the efforts of administrative staff manpower and hindered concentration on study and drafting of recommendations for carrying out important tasks pertaining to the republic's social development, hindered public education efforts, fostered technocratic elitism, duplication of effort, and usurpation of the functions of governmental and economic management agencies.

The branch departments guarded ministerial interests. In short, there existed branch differentiation in the face of a common goal.

For this reason the decision was made to organize the social-economic department with the following six sectors: economic methods of management; investment policy and development of productive resources; social development; scientific and technological advance and conservation of resources; health care and social security; ecology. The department will have a staff of 56 employees....

[Brovchenko] And what was the total size of the staff of the nine branch departments?

[Savchenko] Approximately 120. As we see from our structure, in the past the branch departments did not deal directly with a great many matters—for example, matters dealing with ecology or scientific and technological advance, as well as problems of social development as a whole. It is therefore incorrect to say that what we have here is merely the merging of branch departments into a single social-economic department.

All problems with which the department deals have two unifying aspects: reorganization of the political system and democratization of societal affairs, as well as the direct adoption of economic reform. We are firmly convinced that the majority of problems can be resolved by political methods, applying flexible economic incentives. An important function of the department is continuous analysis of the state of affairs and trends in development of public awareness. No realistic policy is possible without such an analysis, without comprehensive observation of the course of the economic process in this republic and the state of affairs in priority areas of the economy.

Take ecology, for example. Formerly there was no such sector within the Central Committee administrative machinery. It was like all departments dealt with problems of ecology, but there was little result. This also was because there was a common goal, but there would be a narrowly-ministerial approach. The plan was paramount, while matters of ecology would be dealt with only when a crisis arose. Now it is necessary to master the principles of environmental protection and interlink production with our people's health. Matters pertaining to intensification of production link to questions of protecting the public health via solution to ecological problems. Here we are in the domain of social problems.

[Brovchenko] Anatoliy Petrovych, that brings up my next question: on the basis of what principles is the department being staffed? Judging by what you have told us, the area covered by even a single sector is extremely diversified, multilevel, and multibranch.

[Savchenko] It is our firm conviction that comrades with experience in ideological work and who are highly-professional specialists in diversified sectors and branches of the economy should work in this department, for without specialized knowledge and experience it will be difficult for an administrative staff member to grasp complex problems of economic theory and practice, sociology, the applied sciences, etc, thoroughly to analyze and assess the development prospects of a given domain of human activity. The ability to convey economic ideas to the masses and persuasively to communicate the correctness of one's assertions is important for any party worker. For example, medical specialists, specialists in metallurgy, chemistry, and in other branches will be working in the same sector. In order to devise an intelligent strategy in matters of ecology it is necessary to examine a problem and evaluate it comprehensively, going far beyond the framework of a given branch.

I should like to add that in reorganizing the departments we did not give any preference to those employees whose job or position was being retained. In selecting personnel for a department, we considered first and foremost an individual's capabilities for achievement, his knowledgeability within the given area, experience in party work and purposefulness in carrying out the tasks of perestroika.

As the doctors say, man's health is also improved by infusion of new blood. We therefore plan on bringing in new people to comprise 30 percent of the department's staff, that is, to bring in specialists from the economy as well as scientists.

[Brovchenko] Speaking of scientists, there exists the opinion that people judge the intellectual level of a group by the presence of people with academic degrees. I personally do not unequivocally hold such a view, but nevertheless: are there any doctors and candidates of sciences in the department?

[Savchenko] Yes. But I should state that we shall be engaging for the most active participation in the practical work of formulating commission policy on matters of social and economic development that scientific potential which has already been established in this republic. Members and candidate members of the Ukrainian Communist Party Central Committee and world-renowned scientists—B. Ye. Paton, I. I. Lukinov, K. M. Sytnyk and others—will be working actively on the commission. Therefore, to answer your question, a rather high intellectual level has been ensured.

[Brovchenko] You will agree, however, that no matter how knowledgeable department staff personnel and commission members may be, without modern equipment and computers it will be difficult to make a thorough analysis of the republic's socioeconomic development and comprehensively to evaluate the political and social consequences of decisions, to make recommendations and to specify ways to accomplish the most rapid progress.

[Savchenko] You are quite right. Therefore this question is the most critical one on the agenda. By the end of the year the department will be equipped with several personal computers, and by the end of the five-year plan the Ukrainian Communist Party Central Committee will have its own data processing and computer center, which will be linked to the data processing and computer systems of Gosplan, Goskomstat, and a number of other republic agencies. Incidentally, our people's personal computers will also have access to these data banks. In the meantime we shall be making use of the large data processing and computer systems of republic agencies and organizations.

[Brovchenko] In discussing the operation of this department, we should probably not forget that one of its main tasks is selection, education, and placement of cadres in our economy, particularly during the period of economic reform. I should like to discuss this matter in greater detail.

[Savchenko] They say that economic accountability is exact knowledge of an operation and its end results. And one of the reasons why economic accountability is not being adopted as rapidly as we would hope is ignorance of and failure to adhere to its basic points by enterprise

management and administrative officials of structural subdivisions. In this area we should not issue commands but instruct people. For this reason we shall constantly be working with those cadres who will be directly implementing the economic reform. Who will know the economic specialists better than us? Therefore our department will implement personnel policy in the economy on a priority basis together with the department of organizational-party and personnel matters as well as other Central Committee departments.

[Brovchenko] The structure and functions of the administrative apparatus of the party oblast committees will change in connection with change in the functions and reorganization of the administrative apparatus of the Ukrainian Communist Party Central Committee. Weighed down by the burden of their own stereotypes, some local party officials are somewhat disconcerted: they do not know how to proceed if there is a reorganization but there are no detailed recommendations, which as a rule were given in the past. It is a matter of the composition, designation, and functions of the new departments. What advice do you have for them?

[Savchenko] I do not think that the pernicious habit of waiting for instructions from the higher echelon will lead to any good. There is no point in expecting some kind of ready recipes. Party workers in the localities must themselves look for the most acceptable problem solutions, for structural reorganization and elimination of inappropriate functions is not an end in itself. The main thing is to take into consideration the demands of the 19th All-Union Party Conference, the July and September (1988) CPSU Central Committee plenums and, of course, the interests of the oblast in organizational and ideological support of the oblast's development. Judging from the small amount of practical experience amassed to date by the republic party organization, party oblast committee social-economic departments are being formed, proceeding from the following areas of activity: new economic methods of economic management; scientific and technological advance and conservation of resources; social development; comprehensive development of an area's productive resources on the basis of a long-term government program; ecology; development of external economic relations; etc. But I repeat: other variations of department organizational structure are also possible, depending on the specific oblast and specific region.

An oblast committee's social-economic department should first and foremost study and work on problems of coordinated development of the oblast's economic branches, directed toward improving living standards. And, most important, efforts should be concentrated on organizational and educational work with party members in administrative and management positions and with the political nucleus of the workforce—primary party organizations.



This cannot be accomplished in just one day or in just one month, but it is essential once and for all that provision of required machinery parts, movement of railcars for loading and unloading, and a great many other economic matters be dealt with by those within whose jobs these matters fall, not by party agencies.

Quite frankly, structural reorganization of the Central Committee's branch departments has brought forth a good many complex problems. We have found answers to most of them, but we are still looking for answers to some of them. "Breaking in" the new party administrative mechanism is a complicated process which demands a thoughtful approach, patience, tireless search and inquiry, and adoption of bold decisions.

**New Supply, Sales Approaches Introduced by  
Lithuanian Gossnab**  
18200124 Vilnius SOVETSKAYA LITVA in Russian  
21 Nov 88 p 1

[Article by L. Mikalyunas, deputy chairman of the Lithuanian SSR Gossnab: "The Plant Orders a Service"]

[Text] Under the production relations currently being formed, each enterprise inevitably becomes a supplier and a consumer. Proceeding from this, material-technical supply needs to turn into a flexible economic mechanism that helps the labor collectives work rhythmically and steadily. The republic Gossnab and its subdivisions are also working in this direction.

What have we done in particular? Gossnab has sharply increased the number of services to enterprises and organizations that help them avoid long-term maintenance costs of machines and equipment. Here is an example. One factory requires 5-6 tons of steel sheet per year. Is it advantageous for such an enterprise to have the equipment for cutting this steel? Of course not. After it is used for cutting the equipment stands idle all the rest of the time, taking large sums from the plant's coffers. Today the way out of this is simple. Either by letter or orally the consumer turns to our service department, concludes a contract, and on the agreed upon date the order is filled. According to the consumer's wish the product ordered is delivered centrally. The benefit is obvious and mutual. Gossnab now offers more than 20 such services and 22 shops and units are employed in filling orders.

We have also created 4 departments and points for hiring machinebuilding and road-building equipment and instruments. For a moderate cost the consumer can hire machine tools or equipment. The date for fulfilling the organized distribution or delivery of the necessary equipment to the consumer by express order is also agreed upon. The convenience of such innovations is already being felt in the production associations Lyaliya,

Buytine Tekhnika, Autoservisas, and others. The cost of service per month is 3.7 percent of the equipment cost. Almost 700 of the republic's enterprises and organizations resort to hiring.

Gossnab workers attentively study the demand market. They try in their activity to use all the various methods of work with consumers and to gain their trust and respect by effective and thorough fulfillment of the responsibilities they have assumed and in the search for new forms of mutual understanding and mutual contacts. This led us to begin implementing such types of service as financial leasing. Deciphering this is very simple. The consumer wants to hire some kind of equipment but does not have the money at the moment. We meet him and let him hire the necessary equipment on credit. Sometimes the same consumer wants to acquire the equipment for himself after the date of hire is over. Today the equipment park designated for hire is valued at R1.5 million and this number will constantly increase.

We try to follow innovations produced at enterprises and we organize publicity leasing of new technology. We do this for free because in the future these costs will be recovered in full. Thus, we concluded a contract with the Vilnius Association imeni 60-letiya Oktyabrya for consumer testing of new medical oscillographs and other instruments. This speeds up assimilation of the innovation, creates the necessary publicity for it, and in the case of positive results we include it in the list of equipment which can be hired.

Now, as is known, the discussion concerning the concept of the republic model of economic accountability is going on. Under these conditions the system of establishing economic ties is changing. We recently created a commercial center, using the principles of republic khozraschet, on the base of the Lithuanian department for mobilizing internal resources. The basic direction of its work is in rendering informational-intermediary services to enterprises and organizations in various sectors of the economy. In particular, the center provides its customers with information on enterprise manufacturers and consumers of their products, their technical specifications and possibilities for acquiring or selling products. It will also provide to manufacturing enterprises and cooperatives paid services in studying demand for the products they produce and will organize deals between interested enterprises on purchase and sale (exchange) of resources, nonstandard products or production wastes. We also intend to hold fairs for the sale of production-technical products.

All enterprises (regardless of their departmental subordination or location), cooperatives, and persons engaged in individual labor activity can use the center's services after concluding the appropriate agreements. In particular, here it is possible to get information on the requisite manufacturing enterprises which have free capabilities for the output of products and about the conditions for

supplying them. Organizations outside the Gossnab system can be recommended as suppliers, as well as enterprises which can manufacture the necessary items above the amount for state orders. Almost R10 million of agreements for such services have already been concluded, which testifies to their popularity.

The republic commercial center should become, in our opinion, a principally new link in material-technical supply and its activity should help the improvement in balancing production with resources, accelerating its turnover and attracting surplus and non-used material goods into economic circulation. It will become, in the final analysis, a link which will significantly influence an improvement in wholesale trade.

Of course, the above listed measures for changing the forms and methods of organizing material-technical supply will greatly help the development of direct economic ties between enterprises. At the same time Gossnab is reviewing new and more modern means of organizing its work. Life itself shows that in the conditions taking shape, when issues of regional khozraschet and republic self-financing are already being decided, we are obliged to think about more flexible activity of the supply-sales organizations in order to guarantee the priority for the consumer's requirements.

#### **Georgian Economist Criticizes Countrymen's Anti-Industrialism**

18130004 [Editorial Report] Tbilisi KOMUNISTI in Georgian on 15 September 1988 carries on page 2 under the rubric "Radical Reform of the National Economy" Professor Valerian Advadze's 2300-word article titled "A Shortage of Economic Thinking," in which he examines Georgia's poor economic structure and performance and criticizes many Georgians' anti-industrialist attitudes. The latter he terms "pseudo-patriots of economics" who are ignorant of economic laws and Georgia's economic woes, who think that the republic can be economically independent while concentrating on agriculture, food processing and light industry.

Advadze states that one of Georgia's problems is the lack of managers and executives trained in economics, noting that a comparison with U.S. industry shows that the USSR as a whole suffers from the same shortage. Yet all kinds of self-styled "experts" are sounding off, "teaching us economists" how things stand and what is to be done. They say things like "If they would just let us keep our national income" and "Just what is our national income and state budget?" as if they knew what they were talking about.

Continuing his critique of sentiments in favor of concentrating on agriculture and related spheres, Professor Advadze points out that labor productivity in Georgian industry—despite its poor showing relative to overall USSR and other republic averages—is still twice as high as in agriculture. He then examines agriculture's declining share of the workforce worldwide in the past several decades, a trend matched by a steady rise in output and productivity. U.S. and Soviet figures between 1913 and 1986 are presented, along with Georgian figures from 1958 to 1985 (from 61 down to 39 percent). While one agricultural worker in the U.S. now feeds 75 persons and one in the USSR feeds 11, "in Georgia the figure is even lower." In another passage, the author notes in this connection that Georgia isn't even supplying all its own bread, meat, butter and milk, but has to bring it in from other republics.

Another problem is the poor state of working conditions in Georgia, which accounts for the fact that women comprise only 45 percent of the Georgian workforce, and also for the fact that good workers continue to leave the republic for better opportunities outside, many never to return. This is related as well to below-USSR average wage levels because too many jobs are in consumer services and in light and food industries.

A passage admiringly characterizing Japan's economic prowess despite its lack of resources claims that this is further evidence of any nation's need for heavy and high-tech industry. Advadze concludes that any economy based exclusively on the export of resources and processed agricultural goods in the modern world is best described as "colonial."

## AGRO-ECONOMICS, POLICY, ORGANIZATION

**Price Discrepancies Burden Agricultural Economy**  
*18240031a Moscow SELSKAYA ZHIZN in Russian*  
6 Oct 88 p 2

[Article by V. Boyev, VASKhNIL Academician and Z. Gerasimova, Candidate of Economic Sciences, Moscow: "Price Dictates"]

[Text] The group selfishness of industrial ministries is disrupting fairness in the commodity exchange between cities and rural areas.

Several years ago, the machine builders were prepared for the mass production of the KS-6B self-propelled root harvesting machine. It was intended to replace the obsolete KS-6 and provide a higher productivity. The field crop growers could only be pleased with this development. And why not? Indeed, they were promised an increase in productivity of 33 percent and a reduction in fuel consumption of 14 percent with use of this new unit. The use of the KS-6B would make it possible to realize a savings of 28-30 rubles for every 100 hectares of crop harvested. Why then are the machine builders hearing only indignant exclamations rather than words of gratitude? Indeed, they kept their promise and produced precisely the machine desired.

The fact of the matter is that the price of the new machine, compared to the one replaced, increased from 7,000 to 8,200 rubles, or by 1,200 rubles. Hence the amount of amortization increased by more than 71 rubles. Therefore the specific current expenses increased by 42 rubles and the specific expenditures cited (that is, expenditures which take into account the expenses for acquiring the KS-6B)—by 117 rubles.

What was there to be happy about? Indeed, during the first year of production of the new root harvesting machine, the kolkhozes and sovkhoses made overpayments for it amounting to more than 3 million rubles.

Why did this happen? And not only with regard to the above-mentioned unit, but also in connection with the PG-3-5 subsurface cultivator-deep digger (based upon the KPG-2-150), the triple furrow PGP-3-40A plow (based upon the PKU-4-35), the self-propelled SKP-10 mowing machine (based upon the KTP-6) and many other units, machines and mechanisms manufactured recently.

There is a simple answer. There exists a monopolistic right on the part of industrial enterprises to establish independently their wholesale prices. The USSR Goskomtsen [State Price Committee] approves the basis for these prices, while the customer in the form of Gosagroprom [State Agro-industrial Committee] remains off to the side and for all practical purposes participates only formally in this process. Generally speaking, nobody

asks the direct consumers—the kolkhozes and sovkhoses—if they are agreeable to paying several tens of thousands of rubles for a poor machine.

The growth in prices for new equipment is dependent to a decisive degree upon the existing method for establishing them. In order to carry out a check upon the economic soundness of the wholesale prices for new products, they are compared against the so-called "limit" prices which, as is known, are established based upon the result realized by a consumer from the use of new machines instead of those replaced. A new wholesale price is considered to be economically sound if it does not exceed the limit price.

In other words, the chief function of limit prices is to prevent an unjustified increase in the prices for new equipment. Under the conditions imposed by the monopolistic status of the producers of agricultural machines, a limit price must exert pressure upon them similar to that they experienced when operating under the conditions of strong business and market competition.

Everything would appear to be correct: a mechanism exists for restricting growth in prices. But in whose hands is it? Who establishes this limit price? The answer may surprise many: the same Minselkhormash [Ministry of Tractor and Agricultural Machine Building]. Yes, this is the one, with the tacit agreement of Goskomtsen. And why should Goskomtsen object, since it is considered to be in this department. The limit prices do not appear out of thin air.

Let us examine exactly what these "limit" prices are. The wholesale price for an ESK-6.5 feed distributor is 3,200 rubles and the limit price—9,012 rubles, a KShU-12 cultivator—2,450 and 4,042 rubles respectively, a PL3-35 five-furrow plow—475 and 893 rubles and a KSM-4 potato planter—1,400 and 2,550 rubles. The "limit" price is so high that it presents a tremendous expense for raising the wholesale price not only for today but also for the future. It restricts growth in prices least of all. The monopolistic status of Minselkhormash enables it to cover all of its individual expenditures at the expense of the kolkhozes and sovkhoses.

This circumstance has other serious consequences: unjustifiably inflated limit prices make it possible to create technically backward, inefficient, metal-intensive and heavy structures for agricultural machines. This is borne out in particular by the considerable gap separating growth in prices and the productivity of a large number of machines. Thus, for a KSK-100 feed harvesting combine, with a growth in productivity of 70 percent compared to the equipment replaced, the price increased by almost fourfold; for an SKP-10 self-propelled mowing machine, the productivity of which increased by 79 percent, the price was raised by a factor of 4.4; the productivity of a PG-3.5 subsurface cultivator-deep digger was raised by 36 percent and the price—by a factor of 3.6 and for a KSP-25 potato grading station—the figures were 3.5 and 21 respectively.



Our computations reveal that, given the existing parameters and in order not to impose economic harm upon the kolkhozes and sovkhozes, the KSK-100 must cost not more than 5,500 rubles. And at the present time it costs 15,000 rubles.

According to computations carried out at VNIESKh [All-Union Scientific Research Institute of Agricultural Economics], the unjustified growth in prices for agricultural equipment in 1984-1986 resulted in additional farm expenditures amounting to approximately 6 billion rubles.

The unjustified price increases apply not only to equipment. For example, the prices for industrially produced mixed feed are established based upon the cost of the raw materials included in the recipes and which have the same crude protein content. From year to year, the agricultural enterprises obtain mixed feed of roughly the same quality, but at increasing prices. As a result, the increase in the cost of mixed feed compared to 1983 was as follows: in 1984—730 million rubles, in 1985—1,106 million rubles and in 1986—1,654 million rubles.

However, USSR Goskomtsen does not consider this to be unjustified and maintains that it results from the structure of the raw materials being received mainly from agricultural enterprises. In addition, it states that the quality of the mixed feed has been raised considerably. But this argument is not convincing and it strongly resembles an attempt to avoid obtaining a solution for the problem concerned with the formation of prices for mixed feed.

The mechanism for the establishment of prices for mixed feed and also for agricultural machines is in the hands of the producer, that is, with the party who is directly interested in growth in the prices. The consumers—kolkhozes and sovkhozes—are completely eliminated from participating in the price formation process. They are unable to carry out a check upon the correctness of the computed prices or upon the actual quality of the mixed feed produced. And indeed a reduction in the feed quality, compared to the norm, is nothing more than a concealed increase in the price.

Complete confusion also reigns in the prices for mineral fertilizer. Here great differences exist in the cost of a unit of active agent contained in the fertilizer of a particular type. Thus the cost for one ton of active agent in nitrogen fertilizers fluctuates from 107 to 171 rubles; for phosphorus fertilizers—from 39 to 150 rubles, for potassium fertilizers—from 8 to 39 rubles. Moreover, no explanation can be given for such fluctuations from a price formation standpoint. A higher price is not justified by the presence of an additional effect realized from the use of more expensive fertilizer. This same rule applies to chemical agents for protecting plants.

According to our computations, the overall total of the unjustified increase in cost for the principal types of industrial means of production and production-technical

services for the country's agriculture during the 1984-1986 period amounted to more than 18 billion rubles. As you can see, we are confronted by a clear example of group selfishness—to establish your own well-being at the expense of others.

The preparations being carried out at the present time for the reform in price formation takes into account only the chain of increasing expenditures which are best handled at the expense of the consumer. As yet, a discussion is not taking place on the quality aspect of price formation, which consists of closer coordination of the wholesale prices with the consumption properties of the products and with the participation by the consumer in the price formation process. Thus the unjustified increase in the cost of products may be continued following completion of the reform, but at a higher price level.

A reliable mechanism must be developed for state and social control over observance of a balance in the prices for industrial and agricultural products, one which would call for the participation in price formation of consumers who still lack the required authority—Gosagroprom, the Union Council of Kolkhozes and Tsentrosoyuz [Central Union of Consumers' Societies]. In the absence of sound prices for industrial products, there cannot be any sound purchase prices for agricultural products or, it follows, a fair and equivalent commodity exchange between cities and rural areas.

## LIVESTOCK AND FEED PROCUREMENT

**CPSU CC Letter On Boosting Livestock Product  
Production**  
18240030a Moscow SELSKAYA ZHIZN in Russian  
13 Nov 88 p 1

[Letter of CC CPSU: "On More Complete Use of the Available Potential for Increasing the Production of Animal Husbandry Products During the Autumn and Winter Period of 1988-1989"]

[Text] Dear comrades!

Success in the reorganization of our country is linked to a large degree with solving the food problem. Society is experiencing a sharp need for ensuring that workers attached to the agro-industrial complex produce more and better quality food products in the near future.

Progress is being achieved in this regard. During the period which has elapsed since the May (1982) Plenum of the CC CPSU, the per capita consumption of meat products increased by 6 kilograms, milk and dairy products—by 48 kilograms and eggs—by more than 20 units, against an annual increase in the country's population of 2.6 million people.

At the present time, based upon the aims set forth during the 27th CPSU Congress and the 19th All-Union Party Conference, the key operational trends in the area of agriculture and its associated branches have been defined. Included among them is the introduction of new managerial methods, the mastering of intensive technologies, social reorganization of the countryside and the creation of a modern industry for the processing, storage and marketing of agricultural products. The practical implementation of the plans as outlined will make it possible to increase the country's food resources and improve the dietary habits of the population. The CC CPSU Plenum planned for early 1989 will examine the principal problems of agrarian policy from an overall standpoint.

Our urgent concerns are being discussed today. Food supply continues to be one of the most critical problems in many regions of the country. Meat and milk production is increasing only slowly in a number of regions and in some areas it is even declining. This applies first of all to Tajikistan, Kalmyk ASSR, Bashkir ASSR, Krasnoyarsk Krai and Pskov, Kaliningrad, Dnepropetrovsk, Nikolayevsk and some other oblasts. Milk production and weight increases in the livestock are already declining during the autumn months in the Ukraine, Kazakhstan, the Northern Osetian ASSR, in Arkhangel'sk, Omsk and Sakhalin oblasts and in a number of other areas and, in addition, an unjustified reduction in the number of livestock has been tolerated.

A tense situation has developed in connection with the supply of feed for livestock husbandry operations. As a result of the severe drought conditions in the Povolzh'ye region, the Urals, western Siberia and Kazakhstan and also owing to neglect in the production of feed and technological violations, less hay, haylage and silage have been procured than was the case last year. The work has been further aggravated by the fact that the required amount of grain forage was not obtained. Considerably greater effort is required in order to prevent a reduction in livestock husbandry productivity and in order to produce greater quantities of meat, milk and eggs than during the previous period.

Under these conditions, the party's central committee has found it necessary to address an appeal to the communists, farm workers and all workers attached to the country's agro-industrial complex asking them to make maximum use of all reserves and opportunities for increasing the production of livestock husbandry products and to counter the difficulties of the upcoming wintering period with a high level of organizational ability and technological discipline.

Commencing with the very first days, rhythmic operations should be organized at all farms and complexes and at each feed preparation shop and plant. There must not be the slightest delay in the carrying out of work, since a loss in time equates to a loss in output. Feed set away for the winter must be stored properly and handled in a

thrifty manner. In order to realize a maximum return, efficient use must be made of each kilogram of feed. Special importance is being attached to lowering the consumption of concentrates per unit of product and to not feeding grain forage to livestock that was not first enriched with protein-vitamin and other additives or which was not properly prepared. This will make it possible to obtain additional output with fewer production expenditures.

The shortest path to be followed for accelerating an increase in farm output—the mastering of an extensive scale of the various forms for contractual and lease relationships, cooperation and completion of the conversion of kolkhozes and sovkhozes on the whole over to complete cost accounting and self-financing.

It is known that labor collectives which have converted over to the new operating conditions consider themselves to be true masters of their work and are displaying more responsibility, initiative and resourcefulness.

The participants in a meeting held recently in the CPSU Central Committee addressed an appeal to all workers in the country's agro-industrial complex to master the various lease forms in a more bold and persistent manner, while taking into account the great variety of socio-economic conditions. The party organizations, the soviets of people's deputies and the economic leaders and specialists must open up a broad expanse in which personnel will be able to display initiative and they must promote to the maximum possible degree their desire to manage in accordance with the new conditions. The following rule must be enforced in all areas: if a collective or family decides to enter into a lease relationship with a kolkhoz or enterprise, then nobody has the right to prohibit them from procuring the land, livestock and equipment needed for economic use in rapidly increasing the resources of meat, milk and other types of products. More extensive use must be made of contractual relationships between kolkhozes, sovkhozes and the population in the raising and fattening of livestock, especially hogs and poultry, and in the production of milk.

Successful farm operations are determined to a decisive degree by conscientious labor on the part of milkmaids, operators for the fattening of livestock and poultry, shepherds, middle echelon leaders, specialists and all livestock husbandry workers who shoulder the principal burden of concern during this tense period. Each one of us, comrades, must display a high degree of responsibility, professional expertise and interest in the work being carried out.

Increases in the production and procurements of livestock products are promoted by a well organized competition and by a competitive spirit. Experience convinces us regarding the usefulness of carrying out mutual inspections among farms and also regularly conducted days devoted to livestock husbandry personnel. Special importance is attached to devoting attention to backward farms and furnishing them with the necessary assistance.

The carrying out of the wintering campaign in an efficient manner can be achieved provided livestock husbandry is viewed as an object for constant concern by workers attached to those branches of the national economy upon which the reliable and stable operation of farms is dependent. There must be no reductions in our ability to supply the farms with electric power, fuel, mechanization equipment, high quality feed additives and medicines. The collectives of enterprises of agricultural machine building, the food, fishing, chemical and medical industry and power engineering services must view the carrying out of orders for agriculture as a priority task. Soviet organs are under an obligation to devote constant and particular attention to these problems.

Special concern should be displayed for organizing harmonious and joint operations in connection with the delivery, acceptance and thorough processing of raw materials, obtaining a maximum amount of final and high quality output, preventing losses in such output and ensuring timely deliveries to the customer. In rural regions, especially in the vicinity of large cities and industrial centers, a need will exist for boldly creating, based upon kolkhozes, sovkhozes, processing enterprises and trade organizations, unified production-economic complexes which will make it possible, in accordance with the principles of cost accounting and voluntary cooperation, to carry out the production, procurement, processing and sale of products in a more efficient manner.

An improvement in the supply of food products for the population will depend to a decisive degree upon more complete use being made of local resources. Parasitical tendencies must be eradicated in all areas and the populations in each republic, kray and oblast must be supplied to the maximum possible degree with food products produced in their own particular areas.

The CPSU Central Committee places emphasis upon the fact that the solutions for all of these tasks are directly dependent upon clearness of purpose being displayed in all organizational and political work being carried out in the rural areas and in each labor collective.

The party committees, soviets of people's deputies, trade union and komsomol organizations and the economic leaders, together with the councils of labor collectives, must ensure that proper concern and attention are displayed by all those working on the farms. Good trade-domestic, medical and cultural services, modern production conditions, hot food and the sale of goods for which there is a raised demand must be organized for them in all areas.

Much depends upon the initiative and fighting spirit displayed by the party and komsomol organizations and groups in livestock husbandry. Communists, komsomols and the more experienced workers should be assigned to the more important sectors of production. The interests of the work will be promoted by lively contacts between the leaders, specialists and personnel, by efficient solutions for

the problems that arise and by well organized production-economic training. The course of the competition among livestock breeders and workers attached to enterprises of the processing industry must be publicized systematically in the press and on television and radio, the experience of the best farms and family and lease collectives and leading production workers must be revealed and all shortcomings uncovered. It will also be useful to compare in the local press the operational results of farms and rayons and in the republic and central press—the results achieved by oblasts, krays and republics. All ideological means should be employed for increasing the prestige attached to honest and conscientious labor and for mobilizing social opinion in the interest of waging an uncompromising struggle against drunkenness, theft and violations of discipline and order on the farms.

In short, dear comrades, the present wintering campaign requires well thought out and responsible decisions and energetic work. The country's livestock husbandry operations must emerge from this period not in a weakened but in a stronger state. This will make it possible to achieve the chief goal—a substantial increase in food goods and, on this basis, an improvement in the population's supply of food products. At the present time, this is the chief problem of our domestic program. The CPSU Central Committee expresses its confidence that the communists, all farm workers, the collectives of kolkhozes, sovkhozes and processing and service enterprises and organizations and party, soviet, trade union and komsomol organizations will display a high level of responsibility in carrying out the wintering operations, achieve a substantial increase in the production of livestock husbandry products and in this manner accelerate a solution for the food problem.

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## AGROTECHNOLOGY

**Roundtable Views Sci-Tech Agriculture Support**  
*18240029a Moscow SELSKAYA ZHIZN in Russian*  
*15 Nov 88 p 2*

[Article by V. Shaykin and I. Demikhovskiy, SELSKAYA ZHIZN special correspondents: "Scientific Potential—for APK Development"]

[Text] The country's national economy, including its agro-industrial production, is more and more becoming a sphere for the technological embodiment of science. For it is precisely science that creates the foundation for the radical changes that constitute the essence of the perestroika taking place throughout the country. Its potential is sufficiently great and varied for attaching to these changes the proper energy and intensity and for ensuring that they are carried out at a high modern level.

What must be done in order to ensure that this scientific potential grows more rapidly and is utilized on all farms and at enterprises and promotes in every possible way an



accelerated reorganization of production and social conditions and their dynamic renovation? This was the subject of a frank "roundtable" discussion sponsored by the newspaper SELSKAYA ZHIZN and the Kharkov Oblast Agro-Industrial Committee on 3 November of this year. Scientists, farm leaders and specialists and workers attached to the agroprom [agro-industrial committee] and party organs in Voroshilovgrad, Zaporozhye, Poltava, Sumy, Kharkov and Belgorod oblasts participated in this discussion.

Naturally, various points of view, some of them opposing in nature, were expressed. Taken as a whole, they provide us with a more accurate understanding of what we have at our disposal for accelerating scientific-technical progress at each kolkhoz and sovkhoz and what must be done in order to realize better progress in the absence of hindrances. However, judge for yourself: today we are publishing a brief report on the exchange of opinions that took place at Kharkov.

#### "Introduction" in the Absence of Demand?

The sharpest discussion arose in connection with those problems concerning interrelationships between scientific institutes and production collectives.

"Recently it has become fashionable for us to criticize science at all levels with or without a just basis" stated the director of the Scientific Research Institute of Livestock Husbandry for the Forest Steppe and Forest District of the Ukraine and Corresponding Member of VASKhNIL [All-Union Academy of Agricultural Sciences imeni V.I. Lenin] Andrey Avksentyevich Omelyanenko, "Truly, our work is fraught with many shortcomings and yet it seems to me that our goal is not to place the blame on either science or production, but rather to uncover the bottlenecks in the various areas, to furnish assistance in eliminating them on the basis of joint efforts and to provide advice on how best to accomplish this. We have many developments at the institute which are ready for mastering on the farms. For example, included among them is a system for the uniform year-round feeding of animals. It makes it possible to increase the yield of nutrients from the same lands by 25-30 percent and, as a result of their regular use throughout the year, to raise milk and meat production by 15-20 percent. And what about a method for the storage of damp grain and ears of corn? Or what about work in the area of artificial insemination, work which makes it possible to raise by many times the effectiveness of use of very valuable animals? But this method, similar to others," the scientist noted rather bitterly, "is still not being employed extensively on our farms. Meanwhile, a far better evaluation has been assigned to it in Mongolia, Cuba and even in New Zealand and Japan."

Is this strange? No. For a long time now, this has not surprised anyone. Moreover...

"Our rayon works in collaboration with a rayon in Czechoslovakia which also bears the name K. Gotvalda," stated the 1st secretary of the Gotvaldovskiy Rayon Committee of the Communist Party of the Ukraine Aleksandr Simonovich Pushkarev. "One of our hothouse designs was especially attractive to the Czechs and we furnished them with assistance in acquiring and installing it. They requested help in mastering the technology for growing vegetables in it. We started to gather people together for sending off to them when suddenly they informed us that nothing was needed: they had found another technology which they liked very much. We learned that this was a technology which we could not employ here and it turned out that they had borrowed it from a Moscow farm."

[Comment] "There is an old truth: No man is a prophet in his own country."

"Precisely. And we have our own achievements and interesting experience."

The chairman of the Rossiya Kolkhoz in Velikoburlukskiy Rayon in Kharkov Oblast, Viktor Ivanovich Voroshilov, having provided the scientists with proper assistance which they in turn gave to the farm for developing the production of grain, feed, meat and milk, noted nevertheless that their efforts were still completely inadequate, especially in connection with the development of economic relationships, and in the creation of new and more reliable and productive machines and entire machine systems, intended for the complete observance of a particular technology.

"Work has started in connection with the development of contractual and lease relationships and the organization of cooperatives. Many are doing this without being aware of the essence of the matter at hand—each is doing what he can. Certainly, there must not be any uniform standard, but certain models for economic relationships could in all probability be proposed by science and also certain norms. But these are still not available. Nor can this work be postponed any longer. And how great are our losses as a result of a low agro-technical level being employed for the thinning and weeding out of beets and corn? We have relied upon herbicides and poisons and have found a panacea for all of our troubles—we are poisoning both the land and ourselves. And perhaps fine work can be performed using good machines and everything will be in order."

[A.A. Omelyanenko] "But with which scientific institutes do you have economic contracts?"

[V.I. Voroshilov] "With your institute. We paid 1,000 rubles for the development of a scientifically sound animal feeding system for a kolkhoz."

[A.A. Omelyanenko] "Thus it is! Science is converting over to cost accounting and we must conclude contracts for 1,200,000 rubles! But even Viktor Ivanovich, a rich

boss, concluded a contract for only 1,000 rubles! How many such contracts are needed? Eleven hundred. It turns out that one must travel the entire republic carrying a bag."

At this point the chairman of the Zarya Kolkhoz in Borovskiy Rayon in Kharkov Oblast, Anatoliy Grigoryevich Chepurnoy, stood up and stated:

"Andrey Avksentyevich, I recommend for you an immediate contract for 200,000 rubles. For what? So that you may assist us in raising the weight increase for our cattle undergoing a fattening regime to 900 grams. There! Accept this challenge! You will receive money at the end of the wintering campaign. Your workers have visited us and they have examined the situation and conducted the necessary computations and they believe that it is possible! We have also carried out certain calculations and there will be a serious discussion. Come! Let us prepare a contract."

[Comment] Here then is a business-like approach!

Unfortunately, the leaders of many farms and enterprises lack just such a business-like approach in their relationships with scientific institutes. And the conditions are completely right for this: the cost accounting, contractual and lease relationships which are developing in the rural areas in a more extensive and intensive scale must undoubtedly promote an accelerated transformation of these areas over to a modern basis.

"I would state it as follows," commented the general director of the Elita NPO [scientific production association] (Poltava Oblast) Vitaliy Karpovich Chuyko. "Up until now it would seem that we have had no demand for scientific works—the discussion has concerned 'introduction.' It is my opinion that this word should be eliminated from our dictionary. And also from SELSKAYA ZHIZN. It assumes a certain forced emphasis upon science in practical work. And indeed this is impossible and is not the case throughout the rest of the world. I have visited the U.S.A. and other countries and nowhere did I see this. Production itself must actively search for and master the achievements of science. I believe that we must first of all utilize the potential which we already have at hand."

No, there is a demand for scientific works. True, not everybody senses or recognizes this demand. Indeed, it is only with the aid of such works that we are able to move forward at the present time. Antiquated methods are almost futile and can scarcely be of assistance. In such areas the work is quite neglected and a need exists for the establishment of proper order.

However, those who participated in the discussion noted that a large part of the problem derives from an obsolete logistical base and particularly from unsatisfactory support in the form of highly productive and operationally reliable machines considered suitable for work in connection with the latest technologies.

#### International Level and "Self-rivets"

The chief agronomist at the Rossiya Kolkhoz in Volnovakhiyskiy Rayon in Donetsk Oblast, Valeriy Petrovich Galushko, emphasized that science is valued very highly on his farm. But the path for scientific works leading to the fields and farms is excessively long and difficult.

"And the quality of the machines which we are receiving from our industry is still the object of serious criticism," stated the agronomist. "Some of this equipment is simply not suitable. At our kolkhoz, we have mastered a new technology for cultivating sugar beets and yet a sowing drill, the operation of which greatly affects the yield obtained, has clearances through which the seed pours out. Nor do the Don-1500 combine or the T-150 tractor arouse any enthusiasm."

"And you know," added Aleksandr Simonovich Pushkarov, in support of the agronomist, "we are shamed by the fact that our Kolos and Niva combines are not being used for harvesting wheat in Czechoslovakia—is it because of the great losses involved? We saw how even rape is being sown there using precision sowing drills. We are tired of waiting for industry to make them available to us and so here in Gotvaldovskiy Rayon we have ourselves organized the production of such machines. Three models have already been produced and within a year's time we can make two hundred for the RTP. But is this really necessary? Is it really adequate?"

[V.I. Voroshilov] And what about a plow? The one we have now is the same one we had many years ago. Nor do we have a good silage harvesting combine.

[A.G. Chepurnoy] Somebody here has praised the KCC-2.6 combine. The best of the best. But this is rubbish! It should not be produced. If we cannot produce it ourselves, perhaps it can be manufactured based upon the West German model, such that the milling is carried out at 4-5 millimeters and there is a flow of silage in the manner of grain.

"Unfortunately, I have no objection to the complaints being registered against the machine builders," agreed the director of the Ukrainian Scientific Research Institute of Agricultural Machine Building Igor Nikolayevich Serebryakov. "But a question automatically springs to mind: how is it that the plant production lines are producing machines which do not meet today's requirements? It is not just somebody who is rating them as 'good,' but rather it is the agroprom [agro-industrial committee] specialists! Thus in all probability a simple rule should be observed: if a new machine does not improve a field technology, does not produce an increase in yield or does not lower the production costs, then it should not be entitled to exist! The very system for

testing and evaluating machines should be changed and commencing with the research work. Obviously, such work should be oriented immediately towards the international level."

[A.G. Chepurnoy] We are receiving the new machine, readjusting everything and carrying out riveting work in our workshop. Why are we thus spending money for "self-rivets"? I do not support the Gotvaldovskiy Rayon workers in this regard. In any case, they cannot produce Bekkerov sowing drills—this requires an industry that is capable of producing a sowing machine at a high technical level.

Those in attendance commented upon the fact that the low quality of the machines is still determined by the type of metal employed in their production: the enterprises of agricultural machine building are not receiving this metal in the required assortment and in addition there is the matter of plant scrap materials. Nor are the designers free of guilt. They are displaying very little concern for exactly how a machine is included in a field or farm technology and indeed this should be a basic consideration during the stage of design development. Even prior to the commencement of the mass production of a machine, a check should be carried out on the best commodity farms, an action which is still not being carried out. The tests being carried out at an MIS [machine testing station] are completely inadequate.

#### New Innovations: Dead and Alive

The director of the Veselopodolyanskaya Experimental-Selection Station (Poltava Oblast) Ilya Fedoseyevich Karpenko told those in attendance about the task which confronted the workers—to develop a technology for cultivating sugar beets with minimal expenditures of manual labor. They carried out this work although not all at once. For 13 years now, the beet yield here has reached 450 quintals per hectare, while labor expenditures per quintal have declined several times. In Semenovskiy Rayon, where the station is located, the farms are obtaining only half this amount. Why? They are not using the scientific potential developed long ago and they are not following the station in satisfying all of the requirements. What is preventing them from doing so? There are many reasons for this, with the most important ones being—a lack of highly skilled personnel and the required machines. The losses commence with the principal soil tilling work and continue up to the end of the sugar refining season.

"It is only thanks to the use of the flow line-transshipment harvesting method," stated a scientist, "that the experimental station has been able to harvest 70-80 additional quintals of beets annually. We are directing a scientific-production system that brings together six farms. The yields have increased and the increases have been considerable. But there is a paradox! They look upon us in a manner so as to suggest that if we conclude a contract then we must do everything ourselves from

beginning to end using our own resources. But is this really the task of the scientists—to replace the production workers? Are they really not themselves interested in progress?" Other participants in the discussion also discussed this unique "scientific dependence" and lack of desire on the part of farm leaders and specialists to learn and think about and understand the scientific and engineering achievements. In particular, A.G. Chepurnoy pointed to the extremely low level of work being performed by the designers of livestock facilities. Indeed, any standard plan must by its very essence embody all of the best and valuable features developed by science. But this is not the case. Planning as a sphere for the application of science in practical work is lagging behind intolerably. At the Zarya Kolkhoz, for example, it became necessary to remodel the stockyards repeatedly for the animals undergoing a fattening regime and it was done in such a thorough manner that nothing remained from the initial "standard" variant. And 12 years and millions of rubles were required for accomplishing this.

"Certainly," stated I.F. Karpenko, "scientific works, inventions and new machines, if they are not introduced into production operations, are of no value. But a scientific worker must also be an individual who is fully responsible for his work and who is concerned over his discovery and accomplishment and the use that is to be made of his innovation. However, it is unfortunate that at the present time science is being supplied with weak specialists who have been poorly trained in the VUZes. A proper selection process is lacking and there is no competition. Yes and there are no varying degrees for the wages of workers, or for the technicians and laboratory workers—90, 100 and 110 rubles per month. Can anyone really live normally today on such funds?"

"The fear has been expressed here that with the passage of several years we may find ourselves in a situation in which there will be no good offerings for production," continued V.K. Chuyko. "Yes, we are experiencing a sharp need for young and talented research workers. We have stable cadres of personnel at the station, but their average age is 53. We lack adequate stimuli for attracting youth. Considerably greater attention must be given to the training of scientific personnel. And if the farms are to experience better the effects of such training, the introduction of new developments must not be introduced from up above but rather the initiative must come from the kolkhozes and sovkhozes themselves and from their leaders and specialists, all of whom are vitally interested in realizing higher final results. And during the planning and preparation of financial plans on the farms, provision must be made for the mastering of scientific-technical works completely at another level than is the case at the present time."

The 1st secretary of the Dvurechanskiy Rayon Committee of the Communist Party of the Ukraine (Kharkov Oblast) Lyudmila Mikhaylovna Patsan noted that many farm leaders and specialists are not applying themselves fully to the offerings of science perhaps owing to the fact



that it is all being provided to them free of charge. The state expends considerable funds for the carrying out of studies and yet the new developments are made available at no cost to the kolkhozes and sovkhozes.

"But what specific payments are made?" she asked. "Recently, we attempted to draw up a contract with a scientific research institute calling for it to assist us in mastering the industrial technology for cultivating corn on other than our best lands. The institute's representatives agreed, but they asked an exorbitant price! And not for the final result, that is, for a definite increase in yield, but rather based upon the number of hectares. The farm leaders stated quite reasonably that they did not wish to buy a pig in a poke!"

The head of the Livestock Husbandry Department of the Voroshilovgrad Experimental Station (Elita NPO) Valentina Ivanovna Cherednichenko agreed with this point of view:

"Yes, a payment must be made for science which produces benefits and a portion of the profit obtained for a farm should obviously be shared with the institute which performed work for it and material and moral incentives should be issued to the direct executive agents—its workers. Unfortunately however, life is such that this almost never happens. The relationships between a scientific institute and production are based mainly upon social principles and independence."

Valentina Ivanovna cited many convincing examples by way of confirming this fact. Thus one of the station's workers furnished assistance to a kolkhoz in Svatovskiy Rayon in sharply transforming its backward hog raising operations into a highly profitable branch within a brief interval of time. The worker expended a great amount of effort in this regard. The kolkhoz was satisfied with her work and recognized her contribution but awarded her only a moral incentive. The "holsteinization" of the dairy herds on many farms throughout the oblast was carried out on the same basis. It produced fine results, in increased the income of the kolkhozes and sovkhozes and gratitude was expressed to those who carried out the work. As emphasized by many of the speakers, more effective contractual relationships are needed, relationships which will call for mutual obligations and mutual material interest in and responsibility for the final results. For the benefit of those in attendance, the general director of the Donbass Agro-Industrial Combine in Donetsk Oblast Anatoliy Ivanovich Panin discussed the fruitful results to be realized from collaboration carried out on such a basis, with farms entering into direct relationships with scientific research institutes:

"We have plowed up the boundary between science and production and in the process we have realized fine results. First of all—for ourselves: it was not too long ago that we obtained only 30 quintals of corn per hectare and yet with the aid of scientists from the Dnepr Scientific-Production System the yield was quickly raised to 50

quintals. We have received many new developments from other scientific-research centers and for those increases which were obtained on the fields and farms we had to pay 200,000 rubles. Certainly, the payment was not too severe; we obtained considerably more."

This then is one method for developing relationships between science and production—direct contractual relationships. There are also other methods. They begin to lay out a path of and by themselves—time creates them. Experience has shown that the organs of agricultural administration have not fulfilled one of their chief assignments and they are still not fulfilling it. Thus the development in some areas of intermediary organizations that operate on a cost accounting basis is viewed as being completely natural—a type of customer for scientific works, one which organizes the marketing of these works directly at the farms and enterprises. Thus special interest is being displayed in the report by Leonid Kirillovich Verzhikovskiy—the director of the Agropromvnedreniye Inter-Farm Cost Accounting Center, which was created only recently, in September, and which is actively expanding its operations.

It has small groups of agronomists, zootechnicians, engineers and economists. Each has its own sector of work the limits of which are clearly defined. The groups propose the carrying out of a particular work for the farms and enterprises and in the process they guarantee a definite result. The center strives to find an application for their efforts not only in the rural areas but also in the processing industry. This branch is equipped especially poorly. And often not because there is no mechanization or automation equipment, but rather owing to the fact that imported equipment costing at times hundreds of thousands of rubles cannot be installed or its capabilities mastered in a timely manner. And thus the center, after having organized a group of specialists, expressed its readiness to start up the equipment. It proceeds in the same manner with those who intend to master new irrigation systems, cultivate soybeans and so forth.

"I am not an advocate of a system in which each farm enters into direct relationships with scientific institutes," stated L.K. Verzhikovskiy. "As noted correctly here by Omelyanenko, if an institute further concerns itself with the introduction, and on the scale required for production, that is, one way or another on each farm, it will be troubled by labor instability, it will never be able to carry out research work and before long there will be nothing available for 'introduction.'"

A scientist secretary of the Northeastern Scientific Center of the Ukrainian Academy of Sciences, Pavel Trofimovich Bubenko, reported that a cost accounting formation is being created in Kharkov similar to the one at Zaporozhye. Its task will consist of accumulating scientific achievements and, on a scientific basis, moving them into production practice and establishing wages based upon the results achieved.

The Agroprom Cooperative, created at the Kharkov Agricultural Institute imeni V.V. Dokuchayev, is organizing its work in the same manner. It includes teachers from various departments and laboratory workers. On the one hand, it must supply production with scientific works and, on the other, it must provide material incentives for those participating in this work.

Vladimir Fedorovich Panchenko, the director of the Ivanovo Experimental-Breeding Station (Sumy Oblast), considered it necessary in particular to discuss the wages for scientific research workers.

"At our station," he stated, "three strains of wheat have been developed which are being used extensively both in our country and abroad—these are the Akhtyrchanka, Ivanovskaya 60 and Ivanovskaya 16 strains. They are being grown on an area in excess of one million hectares, they are providing substantial increases in yields and they have produced tremendous income for the farms. However, the station and personnel that created them have received nothing. Beyond any doubt, a proper award would serve as a fine stimulus for further and more active development of such plant breeding work."

And the director of the Ukrainian Scientific Research Institute of Veterinary Science Vladimir Aleksandrovich Bussol confirmed:

"Our institute developed preparations for curing mastitis in cows, for the Aujeszky disease in hogs and others. They are being made available to the biological industry free of charge. Naturally, they are providing the industry with considerable income. And what are we receiving? Certainly, moral satisfaction is of some importance and yet at the same time funds are needed for scientific development. I wish to take this occasion to express my bewilderment in this regard: for what purpose are institutes divided into categories according to wages? Is it really impossible to perform first class work at a third category institute?"

The scientist emphasized that on the whole the time is at hand for creating legal and economic statutes for scientific-research institutes and eliminating unfairness in the wages for scientific workers at institutes of various categories, while being guided in the process by one criterion—the effectiveness of an institute's operations.

#### Today and Tomorrow

The conversion over to cost accounting and self-financing has complicated the status of scientific institutes. It aroused an especially live discussion at the "roundtable."

Liya Isayevna Akentyeva, a professor at the Voroshilovgrad Agricultural Institute, dwelt precisely upon this problem.

"As soil scientists, we are unable to furnish rapid results for the work we carry out," she stated. "Our studies require mainly long-term efforts. What farm would undertake to finance them? And farming cannot exist in the absence of such efforts. The farming system in use on a majority of the farms is basically faulty and must be replaced. Methods should be developed for converting over to a biological system of farming, one which will make it possible to constantly reproduce and increase soil fertility year after year."

Or let us take the nitrogen fixation of plants. This process can be intensified and in order to achieve this, as emphasized by Professor G.F. Naumov, we must carry out thorough work over a period of many years. This requires a considerable amount of specially allocated funds. The possibility of increasing the earnings of scientific workers through the carrying out of economic contracts is making it possible to attract creative youth for the carrying out of this work. Precisely this goal is served by the creation of a cooperative association at the institute.

The deputy director of the Ukrainian Scientific Research Institute of Plant Husbandry, Breeding and Genetics imeni V.Ya. Yuryev, Vladimir Sergeyevich Tsybulko, underscored the need for attracting youth into science on a more extensive scale. He noted that a completely abnormal situation has been created: in addition to there not being a competition for graduate work, the institute does not even select the required number of entrants. If there is no selection, how is it possible to count upon the more talented and more knowledgeable people entering science? Why are they not entering science? Very low material support—and indeed these are mainly family-type people—the system does not allow them to expect such support for several years. Their status must be changed.

Valentin Pavlovich Rybalko, director of the Poltava Scientific Research Institute of Swine Husbandry, had the following to say:

"In our case also, nobody wishes to undertake graduate work and the average age of our scientific workers is 58 years. Vladimir Sergeyevich has just pointed out one of the reasons for this. I can cite still another: our science is no longer viewed as being prestigious. At times, we are ready to blame it for all of the agricultural failures and this is basically incorrect."

Many of the participants in the discussion pointed to the sharp shortage not only in modern machines but also in laboratory equipment and instruments.

"It is a shame to have to admit," added V.K. Chuyko, "but nevertheless we must: we are still using the same instruments used by Nikolay Ivanovich Vavilov, who worked at the station at the very beginning of the century."

The shortage of laboratory equipment precludes the possibility of carrying out all analyses in an efficient and accurate manner. And not just analyses of a purely scientific nature: the time is at hand for organizing very thorough control over the quality of grain, vegetables, fruit, meat, milk and other food products and over the presence in them of foreign and harmful substances and residues of pesticides and nitrates, in all areas and on each counter. This is one of the most important uses for science in daily life. In many areas, this work is still being organized in a wretched manner, with the laboratory base being beneath criticism. Meanwhile, the scales for the use of chemical processes in agriculture require the adoption in this regard of very urgent measures—scientific support for daily control.

"We have examined the various aspects of scientific support for farms, enterprises and the procurement and trade network," stated the chairman of the Kharkov Oblast Agro-Industrial Committee Viktor Sergeyevich Voznyy. "How can our scientific potential be made to serve production more fully and link their common interests in a mutually advantageous manner? First of all, there are the funds intended for scientific development, the formation of which was called for in the decree of the CPSU Central Committee and the USSR Council of Ministers entitled 'Improvements in Scientific Support for the Development of the Country's Agro-Industrial Complex,' adopted last year. We are attempting to create these funds in our agro-industrial committee—in the amount of approximately 1.5 million rubles. Certainly, this is a small amount when you consider that the

oblast's APK [agro-industrial complex] produces 370 million rubles worth of profit, for an economic profitability of almost 30 percent. Must the fund for science really be this great in our times? But we cannot use even these funds for satisfying local requirements—they are taken over by the republic committee. The plans for scientific studies are composed in accordance with the same principle: we do not form them, but rather they are received from 'up above.' In this manner, the interests of our scientific institutes are being infringed upon and in the final analysis the farms remain without proper scientific support."

As emphasized by Viktor Sergeyevich, we cannot ignore the situation that has developed in the rural areas. Many contractual and lease subunits have appeared. As a rule, they are not very large in terms of the personnel assigned to them and yet they are capable of sharply promoting production development. They require good modern equipment and appropriate scientific support. They must be headed by good specialists and masters of their work. And it is here that the scientists must devote a great amount of effort. The publicizing of scientific-technical achievements must be reorganized—it must be intensified. Perhaps special hours can be introduced into television programs, popular science films can be shown on a more extensive scale, more such literature can be released and newspapers and journals can give greater attention to new developments and to some of the more interesting experience accumulated.



## POLICY, ORGANIZATION

### Readers' Letters Show Discontent Over Co-Op Movement

18270037a Moscow KOMSOMOLSKAYA PRAVDA in Russian 6 Dec 88 p 2

[Article by I. Savvateyeva: "From the Life of Co-Op Specialists"]

[Text] Earlier, we received much mail regarding co-op specialists. But recently the nature of this mail has changed noticeably: statements in opposition to the co-op movement are being heard on a more infrequent basis and yet the thoughts of those who favor the movement are becoming more alarming. Generally speaking, in accordance with all of the signs, the co-op movement is entering a complicated, contradictory and even transitional period in its development. However, let us have a look at some of the recent mail.

"Co-op specialists constitute a special breed! The majority of our working people work to produce as much as they need for their affairs and at times they work for days, risking their lives for their salary and at times even on a non-salary basis—for all practical purposes, on a social basis. And yet these..." B. Karpushevskiy, Simferopol.

Recently, the above type of thinking has been repeated in one letter after another. And when I read them, the thought occurs to me: how can we break the habit of engaging in such thinking when "economics on a social basis" has seemed inevitable to many right up to the present day. How can we maintain any sense of proper worth when we take pride (more accurately, we plume ourselves) in the fact that "the majority of our working people," "while working for days and risking their lives" (perhaps even risking more than they have at hand) have only a basic minimum wage!

True, another side emerges through this vaunted pride: bitterness, irritation and malice. It is not easy for a "majority of our working people" to exist "on one salary." Does not this bitterness which has accumulated over a period of years spill over—with pain and tears—upon our co-op specialists?

"Why is meat in short supply? And with the appearance of so-called 'co-op specialists' in our country, we now have many shortages," writes or even cries out L. Bernatskaya from Grodno.

Yes, if she was alone! It appears that all those who were offended and deprived and who remained silent and bore their pain for years suddenly began to see more clearly: this is the one who has caused all our misfortunes—the co-op specialist! No longer is there any need for struggling to understand other explanations offered by life. There is no need for agonizingly entertaining any

doubts regarding the "ideals" and destroying the idols of poverty and wage leveling, splendidly referred to as frugality and equality. That is all! The doubts disappear. A target has been found.

But is this the same target as yours? Imagine if you will: tomorrow, in response to numerous requests by workers, a co-op specialist once again oversteps the law. And what happens? Does someone begin to live better as a result? Who stands to gain? Worker A. Samoylov of Tyumen Oblast reproaches us: "You tend to defend the co-op specialists. But the world must be looked at not only through your own eyes but also through the eyes of those who live more triumphantly than you do, Comrade! Nobody stands up for a worker, but someone can be found for infringing upon his interests."

Oh, dear Comrade Samoylov! You make a poor selection of defenders in the form of those who blame cooperation for all of the mortal sins. Thus a speech is delivered before a meeting of the preparatory committee of the USSR Supreme Soviet by the deputy chairman for USSR Gosplan I. Gorbachev. He discusses the menacing increase in expenses. And what explanation can be given for the situation? It is obviously unlimited for enterprises in high cooperative prices.

Meanwhile, if things are called by their own names, then it must be confessed that under the existing situation not only a co-op specialist from the street is guilty but also the very department represented by the deputy chairman. The economists maintain that the existing situation derives from the fact that our economy continues to develop based upon the expenditure principle. That is, the more funds, resources and materials invested in a product, the better will be the indicators and the higher the reward. But it also follows that the greater the input the higher the cost.

As a result, the proportion of real goods in national income is becoming less and less with each passing year. In 1985, we could acquire two times less industrial and production goods per ruble earned than was the case in 1965. At the present time, this process has become even more aggravated.

"Can we carry out an economic reform simply by eliminating the bureaucracy at the upper levels? Can success be achieved if we are unable to introduce a vaccine for freedom in the lower echelons of the economy? No! Cooperatives can become such a true vaccine." Such, in my opinion, was the very accurate written statement by Moscow students T. Sannikova, V. Lopukhov, T. Barteneva, V. Golovko and V. Kukhto. It is as though a vaccine was introduced for a co-op specialist for the purpose of combating slavish submissiveness, humility and thoughtlessness.

Today it is possible to observe how a vaccine for cooperative freedom operates with respect to our agriculture. It was only a year ago that leases were discussed in the

rural areas in a timid manner and in a low voice. A family farm? Perhaps. A land lease? Maybe for a season—by way of an experiment. A chief concern would be to ensure that this would not be to the detriment of a kolkhoz or sovkhoz. The situation has changed sharply in recent months. Variants are being discussed for the turning over of land for 50 years and the peasants themselves are already asking (and it is my opinion that they are justified in doing so): why not for life?

In the recently adopted Law Governing Elections, cooperative organizations are made equal in their electoral rights to such powerful political institutes as the Communist Party and trade unions: the same norms for representation in the elections of USSR people's deputies are established for them. In my opinion, this is a worthy argument for all those who entertain doubts concerning "future prospects" and also for those who, while gritting their teeth, continue to interpret it as a "temporary and forced measure."

But the greater the role played by cooperation in our life, the more attentively and capiously we must examine the processes taking place within it and the more often we must ask the question: to what extent will the co-op specialists profit from such economic freedom?

Yes, quite often the cooperative products are of low quality. Yes and the prices for them are often quite high. At times, one detects here blatant speculation. And recently our correspondents have been writing frequently concerning the following subject: the cooperative market appears to be expanding and yet no special improvement is being observed in the quality of the services.

Thus, why should not a reader be disturbed today regarding cooperatives? We hoped that we would be eliminating the monopoly of state enterprises and that we would raise the interest of a producer in satisfying the needs of the consumer, but it turns out that we are creating a new monopoly—a state-cooperative monopoly which, taking advantage of an excessive shortage of goods and services, is dictating its own conditions to the consumer just as in the past. Thus, could it be that a mistake has truly been made in the case of cooperation?

But let us examine the problem that has arisen from another aspect. In our era of reorganization, a certain amount of economic freedom was presented not only to cooperation but also to state enterprises which converted over to cost accounting. What were some of the direct results of these changes? The contractual failures, reductions in production volumes, refusal to produce cheap products, reduction in the assortment of products and the increased costs for such products. Is it not true that all of this is very similar to today's cooperative diseases? Thus, is it possible that the causes are the same?

Let us try to reflect on how this could be so. When economic freedom was presented to a direct producer—be he a co-op specialist or a cost accounting enterprise—it was assumed that he would be selected from a ministry or other bureaucracy. But it turned out that a consumer was selected! The bureaucrat remained untouched: administrative leaders—the entire system of planning, supply and price formation—just as in the past, were in his hands. Generally speaking, let us return to where we started: the expenditure mechanism, which encourages disproportions and confusion, continues to prevail in the economy. And all of our "free" cooperatives and cost accounting enterprises are encompassed by this mechanism.

Certainly, it is very difficult to overcome the misfortunes that have accumulated over a period of many years and decades. A need exists here for an entire system of stimuli and for an equally important sense of confidence in tomorrow. This will allow freedom to be dispensed in a serious manner. But quite often, unfortunately, a common factor—control—holds the upper hand among those upon whom the fate of cooperation is dependent! Recently, our readers have begun writing in on this subject to an increasing degree. Thus, from the tribune of a recent plenum of the Moscow Municipal CPSU Committee, appeals were heard calling for the "maintenance of strict control over the price level" in cooperation. And during the 11th Session of the USSR Supreme Soviet of the 11th Convocation, the chairman of the AUCCTU S.A. Shalayev proposed: "more rapid and more decisive regulation of the principles of price formation as they pertain to products produced by cooperatives and also strict control by USSR Goskomtsen in the carrying out of this work. From a general standpoint, is the handling of the problem in this manner legal? In the Law Governing Cooperation in the USSR, it is stated: "A cooperative sells products and goods of its own production and it performs work and provides services at prices and rates established by the cooperative and on the basis of agreements with the consumers or independently." We are endeavoring to build a legal state, and usually from the highest tribunes, without the fact even being noticed; we are proposing in essence to circumvent the law.

History has repeatedly revealed the basis for such "good intentions": if the market prices are interfered with as a result of an order being handed down, there is a noticeable decline in the number of rows of market stalls.

I am of the impression that recently a stereotype has been strongly imprinted upon the consciousness of broad layers of the population (at times purposefully and even more often—unconsciously): cooperation is an especially criminal sphere and thus strong prohibitive measures are required. Many times, I read: "Unfortunately, it must be confessed that cooperation at times is equated to speculation!" There is no argument here. But is not state price formation, for example, "at times" equated to speculation? And does not the existing system of logistical supply for state enterprises "at times" resemble a

form of blackmail? And does not the mismanagement of entire ministries and departments truly require the intervention of the legal protection organs?

Lawyer V. Pankratov of Novosibirsk wrote with some alarm:

"In the near future, we expect a sharp increase in bribery and in the theft of socialist property as a result of an expansion in illegal contacts between economic leaders and representatives of co-ops."

Does this mean that each director should be given a Nagant revolver? No, rather it would be better to convert the enterprises over to complete cost accounting, in which case neither a worker nor a chief would allow so much as a screw to be removed from his department.

And what are the co-op specialists saying in their letters? They are mainly agitated by the taxes involved.

"The existing system of taxation is not well thought out," writes B. Alekseyev from Ufa. "It must be employed in a considerably more flexible manner. If a cooperative is producing products which are in great demand and which are labor-intensive (for example, it is carrying out important scientific-technical work), its taxes should be reduced. If it is selling its goods at low prices, it should also be given support."

The arsenal of economic measures is not limited to taxes alone. In all probability, incentives can be provided or certain trends in cooperation can be suppressed by exerting an influence on its logistical base.

"If in the future the policy with regard to supplying raw materials and other materials is the same as it is today, then we will ruin cooperation," categorically stated V. Kolesov from Krasnoyarsk Kray. "The state supplies a co-op specialist with raw materials at exorbitant prices and equipment—on the basis of wild coefficients and subsequently it demands cheap products. Does this make sense?"

And nevertheless the movement is blazing a path for itself. It was only one and a half years ago that the first cooperatives began to appear and the Law Governing Cooperatives in the USSR has been in operation less than one year. Nevertheless, our cooperation is no longer the strange business which it was up until recently and which many still consider it to be. Even in the spring, the newspaper reports concerning the first plants which converted over to the cooperative sector were viewed as sensations—today this phenomenon is springing up in all areas. This year the overall output volume and amount of services furnished by co-op specialists were valued at more than 1 billion rubles. And the rates are increasing in a confident manner. In the RSFSR, for example, the number of active cooperatives has increased by a factor of more than 2.2 since the beginning of the year. They developed from almost nothing—

from coal dust, wood shavings, plastic waste materials. Approximately 1,700 cooperatives engaged in the procurement and processing of secondary raw materials are producing critically short products. Improvements are being realized in the operations of engineering-introductory and planning-design cooperatives. It bears mentioning that their developments are 2-5 times less costly to the state than "state" enterprises.

This process is proceeding almost with a geometric acceleration and seems to underscore the fact that the new model—despite the expenses involved and its growing pains—is not only thriving but even popular. Indeed, the state, in the form of its departments, has only just removed from people the prohibition against working and providing services for one another as they wish. Moreover—in the absence of insistence, decrees and billions in subsidies—the people motivate themselves and the majority of them are simple workers. And the unattractive external appearance of a co-op specialist may not be related to the fact that he is basically bad. Rather it may derive from the fact that he has been humiliated for years, decades and eras, with dirt being thrown at him and pressure applied.

And the first Russian co-op specialists were by no means NEP [New Economic Policy (1921-1936)]-bourgeois types, but rather they were sailors of Peter the Great—Archangelsk sailors and officers headed by Captain-Lieutenant Baranov, who created the first Russian trade-purchasing cooperative. I became aware of this only recently during a constituent congress of the All-Union Rossiya Cooperative Association. When suddenly several men wearing the uniform of 1st and 2d rank captains, with all of their regalia and stars, took their seats in the presidium of the congress, the hall was filled with hubbub raised by a bewildered audience.

"Calm down, comrades!" And even the presidium began to smile. "Do not think for a moment that you have stumbled across a meeting of the fleet's staff. These people are the chairmen of cooperatives, reserve naval officers. It bears mentioning that the first cooperatives have been created and we intend to continue this Russian tradition."

#### Limits On Co-Op Purchases From State Stores Debated

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19 Nov 88 p 4

[Article by A. Protsenko: "Should Cooperators Be Allowed Admission To a Store?"]

[Text] In a number of oblasts throughout our country, in accordance with a decision handed down by the executive committees of local soviets, restrictions have been introduced on the sale to cooperators of certain goods in the stores of state trade and consumer cooperation. As the saying goes, the legality of such a decision is not evident.



**Entirely "In Favor Of"—deputy chairman of the  
Krasnodar Kray Executive Committee V. Protsenko**

Such restrictions have also been introduced in our kray. In April of this year, Order No. 251 of the krayispolkom [krai executive committee] established a list of food goods which cooperators can freely acquire through the retail network of state trade and the kraypotrebsoyuz [krai union of consumers' societies]: flour of the 1st and 2d grades, all groats with the exception of buckwheat, animal fats, tomato paste, apple juice, apple butter, salt and corn starch. The sale of other food goods to the cooperators is forbidden.

What are we guided by? Primarily by the population's interests. As is known, we still have not fulfilled the food program. For example, sugar is sold in the krai's state trade stores only on the basis of coupons. Disruptions are taking place in connection with keeping the population supplied with meat, cream butter, vegetable oil, dairy products and others. We have waited for the cooperators to augment the food resources. We have hoped and we are still hoping that they will purchase surplus food goods from the peasants and farms and establish their own subsidiary farms.

Such cooperatives already exist in the krai. For example, the Bekon Cooperative in Pavlovskaya Village is fattening its own hogs and it is producing smoked foods from the meat obtained. During 9 months of this year, 280,000 rubles worth of products were sold. The Il Cooperative in Severskiy Rayon leased a farm, modernized it completely and is now raising 500 hogs and 30 head of cattle on it. Next year it plans to grow sugar beets on a contractual basis at one of its kolkhozes and obtain sugar. Thus it will have its own raw material for both shashlik and for pastries.

It bears mentioning that many cooperatives are operating within the krai's public catering system. On 1 January of this year there were 206 and on 1 October—378. As you can see, growth is taking place notwithstanding the restrictions that have been imposed. True, only 246 are in operation and I cannot state that all of them are using only their own raw materials. Recently we requested the cooperatives in the sphere of public catering to provide information on exactly where they are obtaining the products for their cafeterias, shashlik and other enterprises. It turned out that during the first 6 months alone the cooperators purchased almost 1 million rubles worth of various types of products from the state trade and consumer cooperation retail network. This represented 70 percent of the raw materials used by them. And what kind of raw materials are these? As a matter of fact, we are witnessing the buying up and resale of food goods already produced in the state sector and the squandering of deficit resources.

Naturally, the people are disturbed by such facts and especially by the cooperative prices, which quite often are not justified in terms of the quality of preparation of the

dishes or the level of services provided. In September, during a meeting of the krayispolkom [krai executive committee], the question concerning incidents of abuse in the sale to cooperatives of food products for which there is a high demand was examined once again. A number of leaders issued warnings regarding personal responsibility for strict observance of the April order handed down by the krayispolkom. We will simply close down those cooperatives which violated the established system.

Obviously, a definite list will be examined by us on a regular basis. But not necessarily with regard to expansion. We will investigate first of all the availability of goods at the bases and the cooperators will be able to purchase in the stores only those products which are available in adequate quantities.

I might add that, first of all, the population approves of our actions. Secondly, the decisions of the krayispolkom are based upon the Law on Cooperation in the USSR, in accordance with which "the executive committees of local soviets of people's deputies can establish a list of food and other goods not available for sale to cooperatives within the state and cooperative retail trade network."

**Categorically "Against"—head of the Sector for Trade  
and Commodity Turnover of the Central Economic  
Scientific-Research Institute of RSFSR Gosplan V.  
Usov.**

We would ask the following question: why does a cooperator enter a store? Because he has nowhere else to go. The cooperative public catering network created over the past year and a half has still not acquired its own raw material base. And the problem must be faced directly: a minimum of 5 years is required before such a base will appear. But today the rather strong demand for cooperative cafeterias, snack-bars and restaurants derives not so much from an ardent desire on the part of the cooperators to enrich themselves, but rather it is the result of the deplorable status of the state public catering services.

How is it possible, short of clipping the wings of the new endeavor, to protect the population against the various types of speculators who profit from the deficits?

In the Law on Cooperation in the USSR, it is stated that the state is undertaking measures aimed at developing wholesale bases and specialized stores for use in supplying the cooperatives with the goods needed. But where are they? References to the fact that the country lacks the food goods needed for state trade cannot be viewed as convincing. According to data furnished by the USSR People's Control Committee, the country is annually losing 200,000 tons of meat alone as a result of defective refrigeration equipment belonging to Gosagroprom and the poor operation of such equipment. And how much food is lost as a result of the undeveloped capabilities of meat combines (60 percent of the requirements)? Cattle that are ready for delivery become emaciated right before one's eyes as they await slaughtering.

Up to 40 percent of the fruit and vegetables being grown in the country are perishing owing to a lack of administrative ability within Gosagroprom and Mintorg [Ministry of Trade]. A check carried out by people's controllers in only four oblasts of the Russian Federation revealed tremendous losses in milk—230,000 tons over a period of 8 months.

Why are such valuable resources being lost and squandered, one tenth of which would be sufficient for satisfying the needs of the entire cooperative sector? Would it not be better to allow the cooperators to purchase any products from these same kolkhozes and sovkhozes (in behalf of the delivery plan) in like manner as the state procurement organizations? The cooperators will hardly tolerate such losses. The competition will force the state procurement specialists into improving their operations.

The cooperators are being reproached for their high prices. But they are simply following the "rules of the game": the products are sold to them at exorbitant prices and they are responding in kind. For example, the cooperators purchase sugar at retail prices, while enterprises of state public catering purchase it with a deduction of 25 percent. Similar deductions exist for flour—35 percent and so forth. There is no need to even mention meat—state public catering purchases it with a 15 percent discount, while the cooperators must go to the market where excessive prices are planned in advance in the cooperative shashlik stores and where the market prices for meat are raised. Having authorized cooperators to utilize the system of wholesale purchases on an equal basis and having opened up stores for them, we are now "placing in operation" the inactive Point 3 of Article 19 of the Law on Cooperation, where it is clearly stipulated: products prepared from raw materials obtained from state resources must be sold at centrally established prices. Such is the system for the sale of goods acquired by cooperators from the retail network. Today the authorities in a way are playing hide and seek with the cooperators as they tend to "overlook" where they are obtaining their raw materials from.

I very much doubt if the cooperators and the state trade workers are strictly carrying out all of the restrictive instructions. The cooperators nonetheless are purchasing all of their needed materials if not in their own then in other oblasts—and surely with the aid of bribes. Why should they be encouraged to commit violations? Particularly in view of the fact that the "payment for such risks" must inevitably be made by the customer. Importance is being attached today to ensuring that the cooperators are not restricted by administrative prohibitions. Objective and thorough concern must be displayed for the problems of each collective and support must be furnished for those which wish to develop on a solid and long-term basis.

The introduction of various "restrictive lists" reveals that the local authorities do not wish to recognize cooperation as an equal partner in the state sector of the economy.

## 55 CONSUMER GOODS, DOMESTIC TRADE

Certainly, it is an easy matter to view them as swindlers or, at best, as guerillas intent on disrupting a well organized system for providing services for the population and for distributing material blessings. Even though this system has already revealed its ineffectiveness.

Understandably, dishonest business men or the "scum of cooperation" can be found under these conditions. But there are legal protection organs for handling such individuals.

### Kolkhoz Market Food Prices Listed, Discussed

#### Prices in Various Cities

18270030 Moscow PRAVDA in Russian 21 Nov 88 p 3

[Article: "Prices at the Market"]

[Text] Prices at the kolkhoz market are an unerring gauge of society's general state. To a great extent it marks the level of ours and yours, the readers', frame of mind. For we are all, primarily, consumers. Consumers, whose general state—not just their social state—depends greatly upon prices for produce. More precisely, upon how much it costs to grow or raise it and to deliver it to the marketplace. And what you will do when the market has no worthy competitors.

Let us find out the price that markets in other parts of the country charge. Our own correspondents in various cities report:

#### Tallinn

"I looked over the prices at Tallinn's markets with pleasure today," reports V. Shirokov. "Thus pork costs 4 rubles per kilogram; there was no beef. Fat was 4 rubles per kilogram. There were no milk, eggs, sour cream, or cottage cheese at the markets. But in this case, probably, there was no necessity, because they are sold relatively freely at the state stores. Incidentally, even beef is not a rarity there. The cost of potatoes was 40-50 kopecks per kilogram, carrots from 80 kopecks to a ruble, and apples 1.50-2.50. Cabbage goes for 60 kopecks each, fresh tomatoes—3 rubles each. Beets were a ruble, pears from 3 to 5. I did not see fresh cucumbers—the salted ones were 3 rubles. Garlic was 50 kopecks for a clove. Onions were 2 rubles for a kilogram."

#### Tashkent

According to A. Kaipbergenov: "I shall cite prices (maximum) at one of the most popular markets in Uzbekistan's capital—the Alayskiy: beef is 5 rubles, mutton 6 rubles, apples 2 rubles, pears 3 rubles 50 kopecks, tomatoes 1 ruble, potatoes 80 kopecks, cucumbers 1 ruble, garlic 2.50, onions 30-40 kopecks, oranges 8 rubles, pomegranates 3 rubles, grapes 2 rubles, carrots 1 ruble, beets 50 kopecks, cabbage 40 kopecks, rice 2 rubles, watermelons 60 kopecks, and melons 50 kopecks."

### Kyrgyzstan

V. Shalgunov sent this by telephone: "Prices at the city's markets looked like this: meat 4-5 rubles 50 kopecks, milk 1 ruble (per liter), honey 9-10 rubles, cottage cheese 3 rubles, sour cream 2 rubles 50 kopecks to 3 rubles (for half a liter), fat 5 rubles, apples 2-2.50 rubles, pears 3-3.50 rubles, tomatoes 1 ruble 50 kopecks to 2 rubles, potatoes 80 kopecks, cabbage 1 ruble, onions 60 kopecks, peaches 5 rubles, grapes 4 rubles, and watermelons 60-80 kopecks."

### Leningrad

"Below follow the prices established by city-market participants. The prices in parentheses are for similar produce that are in stores and kiosks of consumer cooperatives that are located on the markets' land," reports V. Gerasimov. "Meat is 6-9 rubles, eggs 2.50, honey 10 rubles, cottage cheese 5 rubles, sour cream 6-7 rubles, fat 6-7 rubles, apples 1.50-3 rubles (1.80 rubles at the cooperative), pears 3-4 rubles, tomatoes 1.50-2.50 rubles, potatoes 40-70 kopecks (at the cooperative 30 kopecks), cucumbers 6 rubles, garlic 8 rubles (at the cooperative 2.50), green onions 10 rubles, peaches 8-10 rubles, dried apricots 12 rubles, walnuts 6 rubles, filberts 8 rubles, lettuce 5 rubles (2 rubles at the cooperative), eggplant 2 rubles, cauliflower 2-3 rubles, pomegranates 4 rubles, tangerines 7 rubles, grapes 5 rubles, persimmon 4-5 rubles, sauerkraut 1.50 (at the cooperative 90 kopecks to 1 ruble). Milk is not sold at the markets nor are citrus fruits, except for tangerines."

### Khabarovsk

Without restricting himself to dry statistics, PRAVDA correspondent L. Pyatiletova made an attempt to analyze the existing situation:

"Agroindustry gave away its positions sharply in the meat stalls: since the start of the year the meat supply has been little more than one-tenth that of the same period of last year.

"Gorplodoovoshchtorg [Municipal Fruit and Vegetable Marketing Administration] is poorly represented at the market. As a result, people are overpaying more than 3-fold for potatoes and other cheap vegetables which gostorgovlya [state trade] does not like to bother with. The quality of the fruits at its counters more often is such that the participants just poke fun at them. Therefore, the cheapest apples are 2 rubles 50 kopecks, grapes 5 rubles, pears and plums 6 rubles, and peaches 10 rubles....

"There are no tangerines or oranges at all at the Khabarovsk market. I got into a conversation with a member of one of the trading and purchasing cooperatives—they were ready to import citrus fruit from Sukhumi, but they were afraid of going bankrupt, which happened to them with melons. They imported 80 tons but half of them rotted—there were not enough refrigerators.

"In brief, the market is expensive. However, it was precisely at this time that Ye. Vazhnichin, deputy chairman of the Krayrybolovpotrebsoyuz [Kray Fishermen's Union of Consumer Societies] was suddenly struck by the thought of making all produce cheaper instantly. He gave market workers the order: we have 'recommended' prices—require that the sellers observe them. Let the nonconforming ones be ousted. I. Nechayevskiy from Kharkov reported about this freely to the PRAVDA correspondents' center. Instead of dealing with pears that he had brought in, he spent half a day proving at all levels his right to set the price himself for his own output."

### Moscow

Before moving over to the discussion of a topic that is simple but, simultaneously, not understandable by all, about how to reduce prices at the market—our collocutor will be V. Nefedov, manager of a division of the All-Union Scientific-Research Institute of Consumer Demand and Market Conditions (VNIKS)—special PRAVDA correspondent S. Oganyan proposes that readers become acquainted with prices at one market—the Butyrskiy in Moscow. They do not differ considerably from, let us say, Tashkent or Leningrad markets: marinated garlic 6 rubles per kilogram, sauerkraut 1.5 rubles, persimmon 3 rubles per kilogram, sunflower-seed oil 3 rubles per half liter, honey 10 rubles per kilogram, potatoes 50-60 kopecks, greens 20 kopecks per bunch, pumpkin 1 ruble, cabbage 1 ruble, horseradish 3 rubles, beets 1 ruble, melons 3 rubles, eggplants 3 rubles, walnuts 6 rubles, Bulgarian pereg [transliteration] up to 40 kopecks apiece, pears 2-4 rubles, tomatoes 0.4-1 ruble, dried apricots 10 rubles, peppers 5 rubles per kilogram, green onions 50 kopecks per bunch, onions 80 kopecks per kilo, veal 9 rubles per kilogram, brisket 6-8 rubles, beef 4-6-8 rubles, pork 39 kopecks for 100 grams, beef brisket 40 kopecks per 100 grams, fat 6 rubles per kilogram.

And now the floor for V. Nefedov.

### Discussion of Prices

18270030 Moscow PRAVDA in Russian 21 Nov 88 p 3

[Article: "A Specialist's Postscript"]

[Text] We "dumped" this whole basket of homespun indicators on V. Nefedov's table: After all one can say that the research had been done. But Vyacheslav Konstantinovich disillusions us:

"Your correspondents' reports have not in essence added anything new to the information that is at the institute's disposal. We use USSR Goskomstat [State Committee for Statistics] data, as well as the data of our trade correspondents, who make observations of the state of trade of all commodities in 150 of the country's cities.

"How are the prices of the kolkhoz market determined? Primarily by whether the trade network has been provided with foodstuffs. According to VNIKS [All-Union



Scientific-Research Institute for Consumer Demand and Market Conditions] data, during January-August of this year, interruptions in trading of beef were recorded in 80 percent of the cities surveyed, animal oils in 30 percent, potatoes in 40 percent, fresh cabbage in 45 percent, and so on. The overall level of prices at kolkhoz markets rose 2 percent during this period. Including a 3 percent rise in livestock products. Altogether, the price level for the kolkhoz market rose by 14 percent from 1980 to 1987. The price levels of the kolkhoz market averages 2.7-fold more than retail price levels, but for some products 5-fold to 8-fold.

"The prices are rising not spontaneously but under the influence of defects in the economic mechanism. And so today all funds and standards in industry and trade are computed, as before, from cost indicators.

"I shall cite examples. In light industry, for instance, with a view to accelerating the updating of the assortment, markups for newness (the N index) and the practice of producing and selling commodities at contract prices (the D index) have been introduced. The possibility (theoretical) of establishing contract prices as the market becomes saturated below price-list levels) was called for. But in practice (according to our assessments), thanks to the N and D indexes, 4 billion rubles were added to the cost of the commodities in 1987, 3 billion in the first half of 1988. And this at a time when the physical volume of sales of these articles was constantly being reduced and, accordingly, the wardrobes of the population and the level of satisfaction of its demands were being reduced correspondingly. This is how they, the homespun indexes, are operating!

"Similarly, even USSR Gosagroprom, which has obtained the right, so to speak, of regulating retail prices for fruits and vegetables, has been warming its hands. For here, from the very beginning, it was envisioned that Gosagroprom-system stores will be able to reduce prices responsively as a function of the relationships of supply and demand and of output quality. However, Gosagroprom is using this right clearly one-sidedly—only for the purpose of raising prices....Naturally, to obtain money for nothing very seductively, without bothering itself with any kind of fruitful activity in the most direct sense of this word. It is far simpler to raise the price and to obtain a gain. But indeed there are examples also of another sort. At Azovstal, prior to the October holidays, the fish department gave out its first output. Without great expenditures, having rebuilt the old premises, the workers had erected six ponds for raising carp. Since the new year, the pond activity has been transferred to the possession of a cooperative of fish breeders of this same enterprise. Now the metallurgists will be able to provide themselves the year round with live fish, and will be able to help the city. Is this initiative of Azovstal workers a prompting to Gosagroprom? And only to Gosagroprom? For even Tsentsosoyuz [USSR Central Union of Consumer Societies] is striving to extract profit from our problems....

"Actually, beginning with 1986, the sale of foodstuffs from state resources has been practiced in consumers' cooperative stores on an increasingly wide scale. There would be nothing bad about this if prices were not raised. And it is done in accordance with the formula 'in accordance with the agreement.' With whom would the agreement be reached? Not with the purchasers alone. Nevertheless, at the present time, for example, 15 percent of cabbage products are being sold at these prices. The level of these prices averages 2.1-fold higher than the prices in state trade, and it also has a tendency towards growth—during the first half of this year prices rose 3 percent. This, naturally, does not promote a reduction of retail prices.

"One recalls involuntarily also a rise in retail prices for bread, which was made under the guise of a change of variety. And, as a result, purchasing of bread, meat products and fruits and vegetables at higher prices in state and cooperative trade cost the population an additional 3 billion rubles in 1987.

"The increase in prices at the market is explained also by a reduction in the share of private-plot farming and of the kolkhoz market in the total amount of consumption: for meat products it was reduced from 30 percent in 1970 to 23 in 1986, for dairy products from 33 to 19 percent, for eggs from 52 to 30 percent, and of potatoes from 77 to 62 percent, respectively.

"These, perhaps, are the basic reasons why prices at the market are rising and why this trend is gaining strength.

"And still, how are kolkhoz market prices to be stabilized or influence to be exerted to reduce them? Can they be regulated as A. Gazizullin from Kazan proposed, or as administrator Ye. Vazhnichin from Khabarovsk is doing?

"According to the law, maximum prices for agricultural products that are sold at kolkhoz markets have not been established in an administrative procedure. The maximum that is completely acceptable, even for poorly remunerative activity, can be established only by the economic path. What is this path? I shall cite an example. Abakan's residents recently were enabled to acquire a wide variety of meat products. Here also were semifinished goods, smoked items, spit-roasted mutton, and chops. And, in concert, small hot pastries and small hot meat pastries. All this could be purchased in a company store, Myasnaya lavka, which was opened by the Khakass Agroindustrial Committee. Fresh meat and more than 20 viscera and trimmings items arrive here, bypassing the bases and procurement activity. The city residents, it can be said, have fewer problems.

"And so there are two routes for reducing prices at the market. The first: a sharp rise in output must be achieved by introducing every possible form of contract in the state sector. The second: expand the production of output at the private farm plots. This will be reflected

primarily in the fact that rural residents will more rarely turn to city produce stores, they will be transformed from customers into producers.

### Development of Consumer Clubs Encouraged

#### Draft Guidelines Published

18270015 Moscow SOTSIALISTICHESKAYA  
INDUSTRIYA in Russian 8 Sep 88 p 2

[Unattributed report under the rubric "Draft: Guidelines for the Activity of Consumer Clubs"]

[Text] Consumer clubs (hereinafter clubs) are being organized in accordance with Article 51 of the USSR Constitution and are voluntary associations of consumers of goods and services.

Public organizations, the organs of trade unions, the mass media, local soviets of peoples' deputies and initiative groups of citizens may initiate their creation.

The club is guided by the legislation of the USSR, party and government decrees and legal documents in effect.

The club establishes and maintains relations with interested public organizations, soviets of peoples' deputies and their commissions, educational and scientific-research institutes, departments engaged in ensuring the legal interests of the population, monitoring the quality of goods and services (the territorial organs of Gostorginspektsiya [RSFSR Main Administration for State Inspection of the Quality of Goods and Trade] and Gosstandart [State Committee for Standards], sanitation and epidemiological stations and others).

The club participates in developing standard provisions and legislative documents concerning the interests of consumers.

Any resident of the region supporting the aims of the club and participating in its activity may be a member of a club.

The club is run by a board elected at a constituent assembly.

The club makes use of the central and local mass media to publicize the results of its activity.

The club considers its mission to be:

- provide for the legal defense of the interests of consumers and, in the event their rights are encroached upon, to come forward with initiatives to make those guilty to liability and the use of sanctions against them;
- organize product testing, obtain objective information on their quality and bring it to the attention of consumers;

—conduct polls of the population discovering their reaction to the level of consumer features of goods and services and their assortment and prices;

—prepare the corresponding proposals and recommendations to local soviets and, where necessary, to state and business organizations;

—propagate consumer culture and popularize consumer knowledge among the population;

—advise citizens on the score of their rights as consumers, including on issues of the sensible use of the family budget, and give recommendations for the selections of this or that item.

*From the Editors: In publishing this draft, we ask members of consumer clubs to express their opinions on it.*

#### Reasons for Clubs

18270015 Moscow SOTSIALISTICHESKAYA  
INDUSTRIYA in Russian 8 Sep 88 p 2

[Article by A. Kannabikh, leader of a working group of the Consumers' Club: "The First Step is the Hardest"]

[Text] Letters are coming in from every corner of the country to the consumer club created with the participation of the VTsSPS [All-Union Council of Trade Unions], the weekly NEDELYA and the newspaper SOTSIALISTICHESKAYA INDUSTRIYA. The new public organization is rapidly winning popularity. It is gratifying to note that the nature of the letters is changing right before our eyes.

At first they were almost all complaints by angry consumers who had been sold poor-quality goods or been served poorly in stores. The threat of turning into the All-Union Complaints Bureau hung over the club. Fortunately this did not happen, since people soon understood quite clearly that it is impossible to instill order everywhere and in everything from above, from the center. It is a consumer club—and it is they themselves, the consumers, who rolled up their sleeves and acted instead of bothering with complaints. Today the editorial mail brings news from various republics, cities and towns where consumer clubs have been or are being formed. The activists associated around them are asking how to set up the work, where to begin.

Today we are publishing guidelines for club activity. I want to add that only good organization in the defense of one's own interests can guarantee success in the work. If consumers are able to become cohesive and come forth as a unified monolithic force, they will be able to do much. Especially now, when the processes of democratization are being expanded and room is opening up for the self-management of society. The clubs that are appearing everywhere are essentially one form of self-management. They have a wealth of business. They must put into the focus of public attention the bad workers, break the monopolistic dictate of merchandise producers

and create the preconditions for such economic relations where the legal requirements of the consumer become the basis for the formation of the product mix and determine the technical level of the items and the retail prices for them.

"Now what?" the production or trade employee could think. "We don't have enough organs monitoring us, they have to make another one embracing broad segments of the population?" No, the clubs are something else. They are an effective tool of restructuring. They are transforming the consumer from a submissive sufferer into an active participant in the business process. To achieve constructive changes in sectors that meet the needs of the person—that is the mission.

The clubs, despite their youthful age, are confidently taking up the defense of the rights and interests of consumers, including via legal channels. The first positive results already exist. Several trials against the manufacturers of poor-quality products have been held in Moscow alone with the participation of the club. The consumers' suits were satisfied. Today's sampling of materials relates one of those cases. Instances of mass cheating and deception of consumers on the part of both trade enterprises and industrial ones have been uncovered. And there the club insisted on full compensation for damages.

Many readers mention in their letters that such a broad social movement hardly need be limited to the framework of clubs. An All-Union Consumer Society should be created, in their opinion. Others call it an association, and still others a union. The point is not the name, however. The main thing is that the movement itself exists. That it comes from below, is formed in democratic fashion. This movement should complete all stages of its own development in natural fashion. When clubs appear everywhere, when they take on a mass nature, when the criteria and methods for their activity are devised, they can become a foundation and a basis for a future consumers' union.

It must be acknowledged that we have lagged behind here. Such unions and associations already exist in many countries around the world. This means we have no time to lose. We ask, dear readers, that if a consumer club has been organized in your city or region, report on it to the editors.

#### First Club Described

18270015 Moscow SOTSIALISTICHESKAYA  
INDUSTRIYA in Russian 14 Oct 88 p 2

[Article by SI correspondent Ye. Panov, Leningrad, under the rubric "Commentator's Notes": "The Club Begins and..."]

[Text] *The Leningrad Perestroyka Inter-Professional Club began a new and unusual affair on the evening of September 20 in the Culture Hall imeni Lensovet: it*

*founded a consumer club. One of the first, and maybe the very first, in the country. Not a newspaper, correspondence one, but a natural and vital one.*

The founding was preceded by a discussion on the rights of consumers. It, like prior discussions of perestroyka, was satisfying to those assembled. But when they got to a meticulous discussion of the organizational aspect, when, strictly speaking, they got down to business, the people... triumphed. "We are becoming a city of fools," angrily declared a man with the appearance of a member of the intelligentsia. "All of these clubs would make a cat laugh. We must reinforce the state."

And turned his back unyieldingly.

"You are confusing different things!" I mentally shouted at his back. The state must be reinforced. But here is the situation: you, say, bought... a tram ticket. For fifty kopecks. For ten trips. But they don't rush to bring up the next tram. Respectable reasons, long used: a wheel is broken, the cars are broken, no drivers... There is another reason that is a little newer: economic accountability [khozrashchet]. It is marvelously simple in execution for the collective of the tram—sell more tickets, send fewer trams... Who protects you from such economic accountability after a long trip? The ispolkom of the soviet of peoples' deputies that you elected? People's control, which, it would seem, since they are people's, would act in the name of the people, and that means you too?... Who protects you from exploding televisions, from potatoes filled with nitrate poison? State acceptance? The mighty Gosstandart with its mighty system of regulations? The no less powerful Gosagroprom? The sanitation and epidemiological service?... It is as if they are on guard for the interests of the state overall. And you are not the state. After all, you are not Louis XIV. You are just a citizen of the state. Your interests, naturally, coincide with larger ones, but they differ markedly in smaller ones. The everyday attitude of the Soviet citizen to the state is the attitude of a consumer to a producer. The state, in the form of the industrial ministries, produces goods, and you buy them in state stores. It constructs homes and roads in the form of the construction and transport departments, and you live in them or travel along them. Turning to Minzdrav, the powers create a medical service, and you are treated in hospitals. The goods are bad, the roads are unsafe, the houses are uncomfortable, the hospitals are backward, but there are no others.

Our salvation is in our own hands. That is roughly how the situation was formulated by P. Shelishch, a sociologist, candidate of philosophical sciences and member of the consumer-initiatives section of the Perestroyka club. In the first, very nervous days of August, the section was beginning a public campaign for unrestricted subscription to all newspapers and magazines. Shelishch and his associates were proposing a program to eliminate the printing-paper crisis in the country. It is essential, they proposed, "to activate reserves for efficient economic



operation in the paper-and-pulp and printing industries." In short, "cardinal changes in the attitude of the state toward the material base of the publishing industry" were essential.

Who would argue, essential... "Must." "Ought." "Should..." Familiar words. Words of commands, orders, directives. But the world is not ruled by directives. The world is ruled by interests. Well then, in whose interest is it, for example, to "activate reserves for efficient economic operation" or to "review publishing plans"?

In the interests of subscribers, answered Shelishch. More broadly and more precisely—in the interests of consumers. Consumer is not a swear-word. We are all consumers. Voters, citizens. Those who pay taxes for the maintenance of a ministry apparatus that is unable to provide the country with the necessary amount of newspapers and magazines. Government decrees—initiative from above—cannot rouse officials. It is obvious that initiative from below is also needed that would force people either to work or to leave.

How? Via constant pressure on the apparatus. It is, understandably, accompanied by pressure from above, accusing the public of incompetence, of a failure to understand "higher policy." But in that case the pressure of electors on legislative organs and executive bodies becomes quite understandable, normal, essential. The whole matter is one of form. Complaints and statements by citizens, demands for justice, the seeking out of privileges, going around from superior to superior—these are individual forms of pressure. There is very little use in them, as everyone knows. We must therefore join together, come forward jointly, a cohesive body of consumers.

Petr Shelishch did not know what would result from this endeavor. He only knew that if you don't start now, the story will be repeated next year. And he also did not know specifically what to do in the course of his campaign. Collect signatures on an appeal? Send a petition to the Supreme Soviet? The constructive part of the program was clearly weak. Shelishch understood this: "The consumer emancipation movement was an improbable idea as recently as yesterday. On a practical plane it is still improbable today, although the fence is opening up every day."

Ideas for the social-initiatives movement were produced in abundance, but naked ideas are insufficient for pressuring the apparatus. Ideas must be dressed in armor, reinforced legally, organizationally, methodologically. And there are proving to be opportunities for this.

The movement in defense of the rights of consumers is a new and unaccustomed one for us, while it arose abroad in 1936 and exists in 120 countries of the world today.

An international union joined by 50 national associations was formed in 1960. Organizational forms, methods of work, principles of legal and financial activity—all have been tested, all are known, all are accessible for study and borrowing.

And further. The movement is not only being born in Leningrad. There is already a correspondence club of consumers that was created with the participation of NEDELYA, SOTSIALISTICHESKAYA INDUSTRIYA [SI] and the VTsSPS [All-Union Council of Trade Unions]. Information has been coming in to the working group of late—it must be used sensibly. Specialists, still rare for us in this realm, are working with the group—we were lucky to attract them. A draft of guidelines for the activity of consumer clubs has been published (SI, 8 Sep 88)—it must logically be used as a foundation.

Finally, it would be erroneous to consider the movement as an opposition one. In point of fact, in defending the rights of citizens, we are ultimately reinforcing the state. It is not for nothing that structures defending the interests of the workers have long existed in society—the trade union, for example, the extant system with experience in working with the masses and with large organizational and financial resources. This means that a union of independent and official organizations is possible. And not only possible, but simply essential. The aims of the movement and the trade unions in no way contradict each other in the sense of defending the interests of the citizenry.

The preconditions for a practical solution are concealed herein. Perestroyka appealed to the oblast trade-union council, and the latter has taken on the role of one of the founders of the consumer club. Perestroyka went to the Moscow specialists—and the leader of a VTsSPS working group, Anatoliy Georgiyevich Kannabikh, a lead academic associate of the Scientific-Research Institute of Market Conditions and Demand, Leonid Arnoldovich Bochin, and a candidate of legal sciences, Nina Yuryevna Belyayeva from the Institute of the State and Law of the USSR Academy of Sciences, came to Leningrad.

The consultants, founders and initiators held long and difficult debates on the eve of the meeting. The draft charter of the club was elaborated and the basic directions of the work were projected. Differences were revealed. The discussion visibly showed them.

L. Bochin advised setting up the work in the image and likeness of the foreign unions, not changing them and not duplicating state organs. Perestroyka member P. Filipov rejected moderation in joining a serious struggle against unjustified price hikes and facilitating economic reform. His club comrade V. Ramm went further: fight against the monopoly of the producer, that is, against the administrative system. And against departmental "norm-setting," added lawyer Ye. Nikolayeva. Professor V. Bresler did not get off the ground in proposing concentrating on monitoring vitally essential products, the state of the environment and medical services.

The position of the chief founder was set forth for me not long before the meeting by Vladimir Vasilyevich Dyatlov, the chief of the municipal and domestic department of the oblast trade-union council: There was no need to think of everything at once, two or three areas, and maybe just one, were enough at first. Why not, say, "attach" the club to a certain store so as to bring it gradually to a divine image?

The oblast council is obliged to finance the activity of the club. Within reasonable limits, in the expression of Dyatlov. And he who pays picks the music. True, there are still no grounds to suspect the council leaders of intending to tame the consumer movement, steer it into a smooth and safe channel. It is something else: petty topics. Is it the club's business to battle clerks? It is instructive that the other founders, judging by their statements at the meeting, take more radical positions. The Leningrad Division of the USSR Designers' Union is thus ready to participate in an independent expert analysis of goods, while the Leningrad Division of the Union of Scientific and Engineering Societies is making both its technical base and its specialists available for this. The Institute of Socio-Economic Problems is helping to prepare the report "The Quality of Life of Leningraders." This is not squabbles at the store level.

In short, the consumer movement, without digressing to the right or the left, without hiding in the sand or soaring to futile heights, will have to walk a razor's edge. And the first steps should be rapid and correct, otherwise they will not win the trust of the people, they will not prove that the club is real business and not a cute game of democracy. They intend to: the actions of "Vegetables" (their pollution with chemicals troubles citizens a great deal) and "School Dining" (the personnel steal shamelessly), the aforementioned report on the quality of life, lawsuits. Now an appeal to a court in the name of a cohesive body of consumers is not utopia. The club, having a charter, founding members and a bank account, is registered with the ispolkom and is acquiring legal status.

Give the founders their due. If not for their reputation, the club would not have been formed, because at the moment of the vote in the hall, there were no more than fifty enthusiasts remaining. Fifty people for five million Leningraders. Such a long habit we have of placing our hopes on the state, on some faceless but wise authorities! Aren't we tired of hoping and waiting, hoping and waiting?

And matters have moved forward nonetheless. "The fence is opening up," Petr Borisovich Shelishch was saying at the beginning of August. And by September 20 the fence had collapsed. Or rather, they tore it down. Together. The club is beginning its practical work.

## PERSONAL INCOME, SAVINGS

**Basic Family Budget Needs Presented Statistically**  
18270026a Novosibirsk *EKONOMIKA I*  
*ORGANIZATSIYA PROMYSHLENNOGO*  
*PROIZVODSTVA (EKO)* in Russian  
No 9, Sep 88 pp 116-123

[Article by A.L. Pern, Candidate of Economic Sciences, Moscow: "Family Budget in the Mirror of Statistics"]

[Text] In introducing high taxes for inherited private property, it should be borne in mind that, while pursuing the goal of ensuring equal consumption starts for subsequent generations, we may at the same time lower the interest among skilled workers in highly productive labor, since the introduction of a tax on property and inheritance is a type of state control over the distribution of resources accumulated by labor and to a certain degree a restriction of the right of an owner to dispose of such resources at his own discretion, be it to assist children or support grandchildren.

A solution for this problem must be promoted by purposeful cultural-educational policy directed towards assisting an individual in the development of correct social reference points, morals and rational needs in keeping with his own labor contribution and the publicizing of reasonable assistance for the rising generation.

At the present time, there are approximately 73 million families in our country. Compared to the pre-war level, the average size of a family has declined from 4.1 to 3.5 individuals. A two-child family is becoming more popular. The average size of a family in Estonia is less than the average-union size among manual and office workers by 13 percent and among kolkhoz members by 21 percent. In Tajikistan, it is higher by 60 percent and 80 percent respectively. Compared to Estonia where the indicator for family workload (number of dependents per worker) is 0.45 for the families of manual and office workers and 0.59 for the families of kolkhoz members, in Tajikistan the figures are 1.31 and 1.56 respectively.

Roughly 80 percent of the families include married couples in their structure. The general aging of the population and the separate living of the older and younger generations are bringing about an increase in the number of elderly married couples. Families which include a parent of one of the spouses and also other relatives, or two married couples amounted to approximately 18 percent at the beginning of the 1980's and the proportion of such families is declining. The proportion of incomplete families is primarily a source for the delivery of food products for intra-family consumption. As a rule, its value for obtaining monetary income is of secondary importance for all types of families.

Approximately two thirds of the total amount of income of the country's population derives from wages and the remainder from the public consumption funds. According to evaluations by specialists, the coefficient for income differentiation, defined as the ratio of the level of average per capita income, more than which is possessed by 10 percent of the population, to the level less than which is possessed by 10 percent of the population, that is, the difference in income, is approximately 3.5.

In 1987, the average monthly wage for manual and office workers was 201 rubles, and with the addition of payments and benefits from the public consumption funds—287 rubles, and per family with the addition of payments and benefits—502 rubles. In addition, the state expends more than 300 rubles annually per family of manual and office workers for the construction of housing, schools and cultural-domestic and medical institutions. Free services at the expense of the public consumption funds increase the budget of a family by roughly 10-15 percent.

There are three ways by means of which a family can acquire public funds. They are monetary payments (pensions, allotments and grants), benefits and blessings and services furnished free of charge. Of the overall amount of payments and benefits, monetary payments constitute more than 50 percent. They have a direct influence upon the differentiation of family income. Benefits have a levelling off effect on this process since they tend to remove certain family expenses. The presentation of free benefits affects not so much the amount and differences in income as it does the level and differentiation in consumption. Roughly 533 rubles are expended annually for the maintenance of one child in a pre-school facility, with 80 percent of this amount being paid by the state. The state's annual expenditures per student in a general educational school amount to more than 250 rubles and in a higher educational institute more than 1,200 rubles.

#### Income and the Family Budget

The average family pays approximately 400 rubles annually for all types of services, and for goods approximately 3,500 rubles, that is, a ratio of 1 to 9. The proportion of expenditures for services in the structure of overall consumption expenditures for the past 20 years remains at the level of roughly 10 percent or less and this is changing the rational structure of expenditures. It bears mentioning that in the PNR [Polish People's Republic], ChSSR [Czechoslovak Socialist Republic] and VNR [Hungarian People's Republic], this figure is 16-20 percent. True, for the current five-year plan we have planned a considerable increase in paid services compared to consumer goods.

The requirement for food goods is considered to be one of the more urgent requirements. It is concerned with the physiological norms for nourishment and does not change substantially depending upon income. Thus, with an

increase in the purchasing potential of a family, the consumption of food goods increases to a lesser degree than does that for non-food goods. In low income families, a minimum of one half of the expenditures is for nourishment and in families with incomes in excess of 150 rubles monthly per family member—roughly one third.

The satisfaction of a family's requirements for goods of a cultural-domestic nature and for more expensive items procured less frequently is dependent to a large degree upon the family's income. In families having a monthly income in excess of 300 rubles, the number of objects in this group is roughly more by a factor of 1.5 than in families having incomes less than 100 rubles per month. That is, the more vitally important and urgent a requirement is, the less will be the dependency of the satisfaction of this requirement upon income. The acquisition of property in low income families, compared to high income population groups, is complicated owing to growth in prices. In the opinion of retail trade specialists, inflated prices are being asked for 12-15 percent of the television sets being produced by our industry, 20-30 percent of the tape-recorders, 20 percent of the watches, 30 percent of the cameras, 20 percent of the refrigerators and 40 percent of the furniture. As a result, the demand for these items is declining.

The growth in prices for cultural-domestic goods differentiates the standard of living more seriously than this might seem through a comparison of the effect of price dynamics on the level of current expenses for families of different property standards. According to data obtained from budgetary studies, the number of refrigerators in low income groups of manual and office workers is less by a factor of 1.5 than that for high income groups, tape-recorders by threefold, cameras by a factor of 9 and vacuum cleaners less by a factor of 12.

In the USSR, small automobiles are beyond the reach of medium income families. More than 50 average monthly wage checks (not counting taxes) are required for procuring a VAZ-2105 automobile, in the NRB [People's Republic of Bulgaria], VNR and ChSSR—roughly 30, and in the GDR—20.

In large families, the consumption of wealth for general family use increases as a rule per family, but it decreases per individual member. A so-called relative savings occurs in large families. The "savings" in food products is explained by the different structure of large and small families. In large families, there is a larger proportion of children and pensioners, the food requirements of which are substantially less than those for people of active ages. A "savings" in clothing in these families is partly associated with the fact that clothing is handed down from the older children to younger ones.

If we accept a figure of 100 percent for the consumption of material wealth of general family use, for a conjugal pair without children per each member of the family, then according to the computations of NIEI [Scientific



Research Institute of Economics] of USSR Gosplan, this amount decreases to 81 percent for one child, to 63 for two, to 53 for three and to 46 percent for four children. Families with children spend 9 percent of their money for goods of a cultural-domestic nature and families without children—39 percent.

The character of consumption is dependent upon the age of the family. During the first stage of its life, a family is oriented towards satisfying the more urgent requirements. According to data obtained from sociological studies, 5 years after the registration of their marriages two thirds of the families usually have refrigerators, more than one half—television sets, approximately one half—furniture suites, and more than one fourth of the families—washing machines and other objects of long-term use. Subsequently, the economic foundations of a family are strengthened and changes take place in their consumption values. Some requirements disappear with the aging of the spouses. A parental family is oriented more towards satisfying the family needs of its children.

The minimal level of consumption, in accordance with the evaluations of specialists, consists of paid services—81 percent of the average level, food products—85 percent, wardrobe items—77 percent, and goods of a cultural-domestic nature—47 percent. The indicators cited reflect the urgency attached to the consumption of these groups of blessings. The results of a random interrogation of families reveal an order of priorities for the satisfaction of requirements: in first place, the rational consumption of food products; further, a reduction in the consumption of alcoholic beverages; an increase in housing availability; the satisfaction of clothing requirements; a complex of goods of an economic nature; objects of a cultural-domestic nature; various items of furniture and private transport. The importance attached to developing the branches of domestic and socio-cultural services is ranked as follows: public health and medical services; trade and public catering; domestic services; public transport; culture and art; general education; the sphere of recreation.

#### **Rational Budget for a Family and Consumption Differentiation**

Specialists attached to NIEI, of USSR Gosplan, are developing rational consumption budgets for an average family, for a student and for a pensioner, a high income budget, a budget for minimum material support and others.

According to computations, an "average" consumption budget is slightly more than 50 percent of a rational budget; that is, in order to achieve a rational budget the average per capita income for a family member must be practically doubled.

Moreover, the existing structure for family budgetary expenditures has been changed compared to that recommended by science. For example, during the mid 1980's the population expended 40 percent of the budget for

food products, while the rational budget called for 30 percent; for objects of a cultural-domestic nature—14 and 17.5 percent respectively; for paid services—11 and 18 percent. In order to achieve a rational consumption volume and structure per capita of the population, a need exists for increasing the population's expenditures for goods by a factor of 1.8 compared to the present level and for paid services by more than threefold.

Moreover, average indicators, even favorable ones on the whole, can conceal extremely alarming trends, serious structural distortions, considerable differentiation by regions and types of families and others. Thus the daily calorific value for nutrition in the country even exceeds the recommended rational level and amounts to approximately 3,000 calories. However, the ration is poor in proteins of animal origin and vitamins. At the same time, we are consuming more grain, grain products and sugar than are deemed necessary.

The availability to the people of items of clothing and footwear is rather high. The initial equipping of families with the principal items of long-term use is nearing completion. For every 100 families throughout the country, there are 100 television sets, 96 radios and radio gramophones, 93 refrigerators, 70 washing machines and 65 sewing machines. But at the same time, the consumption level for manual and office workers, kolkhoz members and various types of families differs substantially in cities, rural areas, union republics and oblasts of our vast country. Thus the lowest level of per capita commodity turnover, which reflects rather accurately the consumption level, occurred in 1987 in the Tajik, Azerbaijan and Uzbek SSR's (648-720 rubles), and the highest—in the Baltic area (1,480-1,853 rubles). In 1986, the consumption level for food products in Central Asia and Azerbaijan was 60-70 percent of the rational norm and in Belorussia and the Baltic area—98-105 percent. In the case of light industry products, the rational requirements were satisfied in Azerbaijan by 50 percent, Armenia by 59 percent, Tajikistan by 62 percent, and in Belorussia, Moldavia, Latvia and Estonia by roughly 80 percent.

As is known, rural residents satisfy a considerable portion of their requirements by means of their private plots and also by payments in kind for labor. In the RSFSR, for example, the proportion of these sources in the consumption of meat, meat products and dairy products among kolkhoz members amounts to more than 80 percent, eggs and potatoes—more than 90 percent, and vegetables and melon crops—more than 70 percent.

At the present time, kolkhoz members in the RSFSR are consuming 12 percent more eggs than manual and office workers, 14 percent more sugar and 50 percent more potatoes and grain. Their consumption of meat, meat products and dairy products is roughly 10 percent lower than that of city-dwellers, with the latter using meat to a large degree in the form of sausage products and semi-manufactured goods, and the kolkhoz members in natural form. They also consume the principal portion of

their dairy products in the form of fresh milk, while more than 70 percent of the menu of manual and office workers consists of animal oil, sour cream, pot cheese and canned dairy products. The calorific value of the daily ration of rural residents is almost 15 percent higher than that of city-dwellers, mainly as a result of products of animal origin. At the same time, their purchases of fabrics, especially woolen fabrics, clothing, footwear, printed publications, fancy goods and athletic and office equipment are considerably less than those of city-dwellers. They make less use of free socio-cultural services, made available through use of the public consumption funds. The rural population is not being adequately supplied with goods in the areas where they reside. Rural residents are forced to purchase 40 percent of their non-food goods in cities. The average size of a savings bank deposit in the rural areas is almost 150 rubles greater than that in a city.

Considerable interest is being shown in high income budgets, since their principal characteristics, with growth in the material support for families, will apply to broad layers of the population. In order to evaluate a rather high level of consumption, a family consisting of three individuals was selected: a married couple ranging in age from 35 to 40 years and one child 12-18 years of age, who live in a city or settlement of the municipal type in the central zone of our country. It is assumed that the adult members of the family have at least a secondary specialized education and that they engage in highly skilled mental or physical labor. The income level of the family supports family consumption at an adequately high level and provides it with definite flexibility in responding, within reasonable limits, to changes in style and to the appearance of new and prestigious types of goods. The family is characterized by a high cultural level and a broad range of interests. It has a second out-of-town dwelling and an automobile, it makes extensive use of the services provided by an automobile service and public catering enterprises, and it leads an active life style. Thus the commodity portion of a high income budget exceeds the average rational consumption budget by a factor of approximately 1.5.

The computations for a budget of minimum material support appear as a type of standard for income and consumption, one which objectively describes the required minimum level of well-being. According to computations by specialists, the living wage is somewhat on the order of 75 rubles monthly per capita. The level for moderate means, determined in the early 1970's (for a married couple with two children of school age), is 50 rubles monthly per family member. An allowance for children, on the basis of moderate means, is paid to families whose per capita income is lower than this level (in some rayons 75 rubles). At the end of the 12th five-year plan, as a result of

the social measures outlined, there were practically no such families remaining. However, this is not meant to imply that a solution has been found for the problem of moderate means. Over a five-year period, the minimum budget has steadily increased by an average of 25 percent. Thus the limits for moderate means should be reexamined at least once every 5 years in close coordination with the level of prices and the true cost of a selection of goods considered to be absolutely necessary for normal living. If this is not done, there may be no improvement in the status of those layers of the population characterized by low incomes.

#### Coordination of Prices With Income

It seems to me that our prices are not sufficiently linked to income. For example, let us take a common type situation: a young family, two children, both parents work, overall wages—300 rubles. If we take into account taxes, the daily expenses for food, apartment, municipal services, transportation and kindergarten, then it turns out that even if this family clothes itself very humbly, it will require at best not less than a five-year plan before it will be able to acquire furniture and objects of extended use. And realistically up to 10 years.

I believe that for each five-year plan we must define a minimal consumption combination for families of various types, computed for various incomes and requirements. The prices for this combination for a "model of rational consumption" must certainly cover the expenses for their production, but they must not be entirely obligatory for each article separately. Such profitability and balance will be adequate for the complete assortment as a whole and within it the prices can be mutually compensating. And any increase in price for an article included in this assortment must be compensated not by a reduction in the price for a luxury item but for another article in this assortment. And if this is impossible, owing to the fact that the prices for a majority of the goods do not cover the expenses for producing them, an equivalent increase in wages over and above the assigned rates will be needed and naturally with an increase in labor productivity.

It is best not to release for trade purposes those goods which cannot be purchased by means of average wages. Instead an expansion should take place in the rental and club systems. This will serve to make available, for those desiring same, either free of charge or for a small payment, expensive musical instruments, sporting equipment and equipment for use in amateur creativity. B.G. Sadkov, Candidate of Economic Sciences, Tomsk State University.

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## FUELS

### Carelessness with Equipment Leads to Problems With Gas Cooling Stations

18220018a Moscow SOTSIALISTICHESKAYA  
INDUSTRIYA in Russian 29 Sep 88 pp 2-3

[Article by V. Dolgova, prosecuting attorney of the Department of General Surveillance of the Tyumen Oblast Procuracy, and G. Bazhutin, our special correspondent: "They Purchased, They Made Merry, They Understood, Then They Shed a Few Tears...; The Story of a Contract"; first paragraph is source explanation]

[Text] "The gas cooling stations again?" Ram Ivanovich Vyakhirev, first deputy minister of the USSR gas industry, throws up his hands in sincere bewilderment. "I can't understand what needs to be further explained here. Yes, carelessness was allowed to occur in regard to the imported equipment. But now everything is understood. You can convince yourself by means of the documents: fines, which ones were levied and paid, and the stations are being built at the present time. I therefore think we have the right to consider the matter closed...."

Both the documents and the words of the deputy minister were quite convincing. I thought that if our conversation had taken place at the start of investigation of this story, we probably would have been satisfied with it. But we had behind us already tens of meetings with workers and engineers of the Urengoygazdobyucha Association and with specialists of the USSR Ministry of Gas Industry before whose eyes squandering of state funds occurred on a scale that was unprecedented even for Tyumen.

No, there was no way that we could agree with Comrade Vyakhirev. It is too soon to close "the question of SOG's," as cooling gas stations are called here. Quite the contrary, it really still needs to be opened.

But we shall tell everything in due order. One day a strange cargo arrived at the bases of SibTsentr and Farafontyevskaya, which serve the enterprises of Novyy Urengoy. Hundreds of bulky wooden crates with foreign inscriptions. And no documents. What? Where? For what purpose? Nothing was clear. Incidentally, in the hubbub of the tremendous project, the base's workers had no time to cudgel their brains over this riddle. They decided to put the crates to one side for a while. And then let those who did the ordering try to figure things out.

But weeks and months passed, and the ordering customer did not show up. At the same time, ever new carloads continued to arrive with these strange shipments ["transy"]. In order not to clutter up the bases, it was found necessary to scatter them among different storage areas.

We shall say here and now, the boxes were handled with no particular ceremony. Many shipments ["transy"] arrived which were thrown out into the tundra. They

became soaked with rain and covered up with snow. Something loudly snapped in them on frozen nights. The crates lay unprotected so that any curious passerby could "interest himself" in their contents.

Unexpectedly, like thunder from a clear sky, a commission from the Urengoygazdobyucha Association arrived.

"Where do you have the special French equipment with visual displays and all kinds of electronic material? Show us where it is stored...."

This calls for an explanation, a theoretical departure. Gas from the depths of the earth is warm. At the Novyy Urengoy field, its temperature reaches plus 20-25 degrees. When confined in a gas pipeline, it gives off its heat to the surroundings. Here it is encompassed by permafrost, which under the influence of this heat begins to thaw. A gas pipeline placed in frozen ground that is as hard as rock can soon find itself floating in a bog.

How would this affect steel pipeline? Would not treacherous cracks appear? Would not accidents be touched off? These concerns arose among the specialists of the Ministry of Gas Industry when development of the fields located in the permafrost zone got under way.

The following was proposed as a way out of the situation. Reduce the temperature of the gas to subzero before letting it into the pipes. That was what was proposed to retain the permafrost. Moreover, an additional effect was expected. By reducing the volatile fuel in volume, it would be possible to increase the throughput capacity of the gas pipes in summertime. True, by not much—by only a few percent. But that at least is a gain.

For the most part bolstered by theoretical arguments, these thoughts were outlined in a paper presented to the then minister of the USSR gas industry V. Dinkov (now minister of the USSR petroleum industry).

I shall say straight off that the supporters of this idea then and now continue to have an opposition. Specifically, the gas producers of Urengoy themselves asked to direct attention to the fact that in the Tyumen North more than one pipeline has been laid on bogs. They also pass over lenticular forms of permafrost with no trouble, as they have been operating quite satisfactorily. In the summer, there is no reason whatever to pump additional gas into the gas pipelines. Indeed at that time the national economy's need for fuel is sharply reduced, and gas producing associations by and large cannot sell their product.

We are not attempting at this time to join our voices to either of these sides. Here, we hope, competent organs will have their say. But a certain thought enunciated by specialists of Urengoygazdobyucha seemed to be undoubtedly true. Such a large-scale project should have required much more thorough research and study with the participation of local scientists and the actual gas producers themselves.



The opponents' proposals, they say, were also sent to the minister, but got lost somewhere in the crannies of the sector's headquarters and produced no answer. At the same time, departmental institutes received the assignment to provide a basis. And they did provide it. As a result of the joint efforts of Saratov's Scientific-Research Institute of Gas Production and the Donetsk Southern State All-Union Institute for Planning Gas Pipelines and Enterprises of the Gas Industry, a plan was created for the construction of six large-capacity gas cooling stations at the Novyy Urengoy field. Moreover, due to the great urgency of these construction projects, the equipment for them was to be ordered not from domestic enterprises, which still lacked the experience of producing such gas "freezers," but from abroad.

Signed by A. Shatalov, the chief engineer of the Administration for Production of Gas and Gas Condensate of the USSR Ministry of Gas Industry, this document with enviable speed went through the stages of prescribed agreements and affirmations. In only one place did they "forget" to approve—at the association for which they were getting ready to order these same gas cooling stations. They did not even find the time to send here the scientific and technical studies worked out by the institutes for construction of the stations.

A contract for the tremendous sum of 106,000,000 noncurrency [invalyutnyye] rubles was concluded with the French "Krezo-Luar" consortium.

After several months, the consortium stated that the first batches of the equipment were ready and that it invited Soviet representatives to accept them and monitor their shipment.

Obviously, there is no sense in explaining with what eagerness staff members of the Ministry of Gas Industry responded to this invitation. How many persons and who specifically went to France for the 3 years while the shipments were being made? It was impossible to get this information. At the Ministry of Gas Industry, they guard it as an important state secret. But the following is known accurately. Among the experts, there was only a single (!) representative from the association. Moreover, he was sent abroad late, and he had there most modest and narrowly specialized authority connected with the acceptance of electrical equipment.

"No violations were permitted in staffing the purchasing and acceptance commissions," they sought to prove to us at the ministry.

Well, possibly, that is how it was. But it can be said with certainty: had the Urengoy gas producers been included in the commissions, the fate of the gas cooling stations would have been different.

What were the high-ranking "specialists" engaged in abroad? What notions guided the staff members of the ministry and the Soyuzarubezhgazprom and the Mashinimport associations in looking after these deliveries, one can only guess, but it is not so simple to guess.

We shall cite here only a few questions raised by workers of Urengoygazdobycha with quite understandable indignation.

Why, in ordering equipment requiring especially careful storage in above-zero temperatures, no one thought of allotting funds and limits for modernization of the bases and for the construction of new, important warehouses? How did it happen that Novyy Urengoy was not told ahead of time the start of the deliveries? Who is it who "thought" of placing precious cargo in weak wooden containers incapable of withstanding hauling along the roadless tundra and protecting the equipment from precipitation in the destructive polar cold? Who ordered placing the equipment in containers without sorting? As a result now, in order to assemble one unit it is necessary to open up to one hundred crates and go through their contents in wind and frost and to additionally bring in people for this purpose. ("This was done for economic reasons," they explain at the ministry. So be it. But the specialists displayed a kind of strange economy in this deal. While economizing on packing and sorting, they purchased in France together with the equipment concrete slabs, iron beams and many other parts differing from the domestic kind only in price). Who was the one who did not see to it that the ordered equipment, to the extent that it was possible, was made in accordance with Soviet GOST's? Even the sockets for the signal lights, of which there are thousands at each station, have a size differing from our standards. Now, in order to replace a broken bulb, it will be necessary to buy it abroad for a fivefold price. And finally who in the name of what accepted the stations with hundreds of meters of pipe unsuitable for them and with obviously defective transformers?

Answers still have to be found to these questions. But it is clear that the total amount of the losses will add up to many millions.

However, all of this would not have had such a ruinous effect had the equipment arrived at the construction site directly. The fact is that the consortium guaranteed assistance in installation, startup and adjustment, replacement of defective parts and delivery of additional equipment at preferential conditions. Only it occurred to no one to build the stations....

"All the fault lies with Glavurengazstroy," they try to prove at the Ministry of Gas Industry. "It did not want to take on the stations."

"But this is called the guilty passing on the blame to the innocent," they say indignantly at the North Construction Main Administration. "Look at our plans and our production indicators."

We looked. We were convinced that in the more than intensive program of the main administration, made up, by the way, of orders from the same Ministry of Gas Industry, it would be simply impossible to fit in the gas cooling stations for a number of years. And the time initially set by the ministry for turnover of all six gas cooling stations in 1986 could quite definitely be called doubtful.

Honestly, one can't believe that those who set this time period did not realize this. And if they did, why did they include it in the state plans? In order to justify the contract? And at the same time, to shift the blame for non-use of expensive equipment to another department?

For about 2 years, the wrangling went on between the USSR Ministry of Gas Industry and the USSR Ministry of Construction of Petroleum and Gas Industry Enterprises. Finally, foundations were laid for five of the six gas cooling stations. (Running ahead, we will say that the sixth station turned out to be... altogether unnecessary. It was found that they did not calculate properly. There was simply no reason for it to be built here).

They left it at that at the Ministry of Gas Industry, and things proceeded neither well nor badly.

In 1984, 10 percent of the planned volume was completed. In 1985, 17 percent. In 1986, a bit less than 50 percent. In 1987, 60 percent.

When the time finally arrived for installation of the equipment, the time period of the contract and guarantees had expired. Thus, to the great amazement of the French partners, the association failed to make use of its legal rights and did not submit a single complaint to them.

Out of its honestly owned profits, it paid out without complaint tremendous fines (all told about 20 million rubles) "for ineffective use of equipment." And no one here sounded the alarm or demanded the urgent removal of the valuable cargo or complained to law protection organs and the press for the ministry's inaction.

Once V. Zavyalov, the chief of the equipment department of the Tyumengazsnabkomplekt Trust, happened to ride past these heaps of imported equipment. Horrified at what he saw, he drew up a detailed report, which was sent to the Main Administration of Tyumen Gas Industry. But this paper without any fuss was put to rest in the archive. True, the bases received an order to nail up the holes in the boxes.

It seemed as if a careful zone of silence reigned around the gas cooling stations. Everyone tried to stay away from them as far as possible. And, as it turned out, not for nothing.

The storm finally broke when a commission of the USSR Committee of People's Control arrived for a regular inspection at the Urengoy base.

At meetings of the ministry's collegium, thunder rumbled with righteous anger and lightning flashed. Whom did they punish? V. Polivanchuk, who was appointed shortly before this as the association's deputy general director, was removed from his post and the association's and bases' deputy chief accountants were disciplinarily called to account. And it all ended at that.

"But construction of the gas cooling stations is now getting under way," they tried to inform us at the main administration and the ministry. "Why inflame passions? Do you really want so badly to punish another one or two chiefs?"

We must honestly admit that we do. And not just "one or two," but all those who are truly to blame for what took place. Furthermore, not only for "mistakes" of prior years but also for present dawdling. For example, Gas Cooling Station-1, if the present rate of its construction continues, will not be completed even during the next 5-year plan. Its equipment as before lies under the open sky. A surplus gas cooling station lies in "trance" behind the symbolical mesh of fence. True, following a miraculous transformation carried out personally by Deputy Minister R. Vyakhirev at the Ministry of Gas Industry, it is not simply ownerless equipment that cost 14 million rubles but... a reserve for civil defense (?).

"If a box of nails is taken from a construction site, it is called theft. They cry out, 'Catch the thief!' But if an entire association is drawn into the economic sphere? If they take millions from its account, that, they say, is ministry policy. There is no one to catch and nothing to talk about. It is necessary to carry out the directives."

These bitter words which we heard at the construction site of the gas cooling station give a kind of formula for the disease that has long afflicted our economy. It spread particularly rapidly in the years now called the stagnation years. Under the blessed conditions of mass deceptive statements and absence of publicity, it spread like cancer metastases throughout all spheres of the national economy. It would seem that we do not realize how large the real scale of its spread and the degree of damage inflicted by it are. The name for this disease is official irresponsibility.

Moreover, this disease is so resistant that it is not bothered by the revolutionary changes of our time. The introduction of cost accounting helps strengthen production and performance discipline and raise the level of endeavor of managers and quality of their work. But all this is underneath, in the shops, at enterprises.... But how does it affect unscrupulous workers from the middle and upper echelons of economic management? Actually, and that's the problem, in no way. Furthermore, cost accounting, paradoxical

as it may seem, has created for them even more favorable conditions by freeing them from many of the restraints of state and other kinds of control.

Theoretically, enterprises themselves should become controllers. The new law has now been placed in their hands. But only few of the managers decide to take the suicidal step and adhere to the letter of this law. In fact, this means in practice, they must begin a war with the apparatus of the organization over them under whose total and undivided control are limits, funds and connections with suppliers. There is no need to be surprised that producers are ready to carry out violations and deals with their own conscience in covering the "mistakes" and "lapses" of main administrations and ministries. A great many proofs of this can be found in the Tyumen North.

It is particularly disturbing that many people have become decisively convinced of the unshakeability of such an order of things. Ram Ivanovich Vyakhirev indicated without a shadow of doubt that the whole thing lay in the inability of managers and specialists of lower echelons to work as they should. There in Novyy Urengoy they were unable to get their bearings in time in the complex situation, and now these characters are even complaining.

Without a shred of hope for the restoration of justice, we were told this entire story at the association. ("All the same, the ministry will stick up for its own people and look for scapegoats.")

No, one apparently cannot count on an intradepartmental self-cure for this illness. Intervention from without is required. Probably an entire complex of state economic and legal measures will be needed to really make the bad work of an administrator unprofitable for him personally and to oblige him to pay for his own sins.

But at the same time, the need is not eliminated to simply catch unscrupulous people and make them accountable, including criminally accountable, without respect of persons.

"Then what's the problem?" readers very likely will say on looking at one of the names appearing under this report. "Catch them. Take action against them."

We try. But how difficult it is in such cases to get hold of each granule of truth, especially if the investigator from a peripheral procuracy dares to appear at a ministry. On

the other hand, there is the guarded distrust of local party and soviet organs, who traditionally are fearful that "something might happen...."

We have run into all this even in the case of the gas cooling stations. And still all the possible measures of procuratorial reaction have been taken. But will they be sufficient? Will it be possible to pull out the whole multilink change of positions of irresponsibility and reach its roots? In rationally evaluating all our forces, we are forced to admit that we are not convinced....

When we were writing the final lines of this report, the telephone rang at the correspondent's office.

"Are you the one dealing with the gas cooling stations. There is something I want to tell you."

"Could you possibly first identify yourself?"

"Well, no. If it reaches the authorities that I spoke with you, I would at the least lose my job. And possibly something worse could happen. But I have to say the following. The gas cooling stations which are now being built cannot be operated. They are too late. The permafrost under the gas pipelines has already thawed. If a gas line is frozen, it will burst. You don't have to believe me, inquire at the Novyy Urengoy Trust of Engineering Technological Monitoring and Research."

We turn to the said trust.

"Yes, the permafrost thawed under the gas pipelines up to 12 meters in depth," confirms V. Antonov-Druzhinin, chief of the Laboratory of Geotechnical Systems of the North. "It would hardly be possible to reestablish it. Freezing a pipe under these conditions is really very risky."

"Could someone give a more definitive answer at this time?"

"Hardly."

"Is it possible that neither the ministry nor the main administration assigned someone the task of thoroughly studying the question of use of gas cooling stations in the changed geotechnical situation not envisaged by the plan."

"As far as I know, no...."



## LABOR

### Wage Leveling Issue Debated

#### Leveling Opposed

18200037 Moscow SOVETSKAYA KULTURA in  
Russian 13 Oct 88 p 3

[Article by Aleksey Kiva, doctor of historical sciences:  
"Wage Leveling"]

[Text] I remember my late mother, who feared most of all the envy of her fellow-villagers, whether the conversation turned to covering the worn out straw roof of the shed with galvanized iron, bricking the walls of the adobe, or buying a bicycle for me and my brother. "Perhaps, children, we will wait a little," she usually said. "You don't know people well, they will look askance." I also remember that she tried to wear the same too short and tight homespun plush coats that most women in the village wore. For a long time I could not understand her fear to live better than others until I grasped what she herself could not explain to me during her lifetime: She had the instinct of self-preservation. The village experienced the tragedy of the dispossession of the kulaks, when not so much the kulaks (there was only a handful of them) as the least well-to-do families became the victims.

Envy... Remember how K. Marx talks about lumpen, or barracks, socialism (communism), whose advocates hate private property not because they understand its historically transient role, but out of envy, out of the urge to equalize everyone with respect to poverty and destitution and to make life equally wretched for all. In this they saw social justice.

Yes, the problem of social justice is so complex that one does not even know from what aspect to approach it. After all, what the delegates to the 19th all-Union party conference said about social justice, undoubtedly, is important. However, the problem by no means boils down only to that of privileges for certain categories of workers. In essence, a great deal of what we consider social injustice is the product of the bureaucratic model of socialism, whose advocates, it seems, have not laid down their arms.

If we ponder over the crux of the matter, a serious deformation of the basic principle of socialism "from each according to his ability to each according to his labor" has occurred. Following this, many concepts have also been distorted: What seems socially just, often is not such in practice, and vice versa.

We sometimes are ready to place the sign of equality between social justice and social protection, saying that one is connected with the other. However, there is also something to think about here. After all, if we are not honest with ourselves, as before, we will hide the truth, be cunning, or live in a world of illusions. We will not

only fail to put an end to social injustice, but will not move even a step further. We do not tire of talking about the high social protection of the Soviet people and, for example, the absence of unemployment. Meanwhile, unemployment has already become chronic in a number of the country's regions. At times representatives of some professions remain without jobs even in big cities for a long time. We simply do not register unemployed specialists, pretending that such a phenomenon does not exist in our country. I personally know journalists, international historians, artists, and theatrical directors, who have not been able to find a job in their field in Moscow for a long time. We do not even have the practice of placing specialists in jobs through an appropriate office. Incidentally, even legally they are the least of all protected against unemployment in our country.

Moreover, one can hardly talk about social protection at the top of one's voice if one is defenseless before the arbitrariness of the bureaucracy and his meager wages or a paltry pension, on which he can exist with difficulty.

Wage leveling is one of the most profound reasons for social injustice in Soviet society. It has impregnated all the cells of society and has become deeply rooted in mass consciousness. For decades we had a lenient attitude toward loafers and clods and redistributed in their favor what sloggers earned. After all, it is no secret that there was a secondary dispossession of peasant families exiled to Siberia or the North and poverty was raised to the highest virtue. Such qualities as industriousness, good sense, enterprise, and thrift, highly esteemed by the people, were discredited in front of their eyes. The very fact that a lackadaisical neighbor could seize part of the property of the dispossessed peasant was terribly antisocial.

Today we accept as proper the fact that in our country a skilled, semiskilled, and even unskilled worker often earns more than a talented engineer, a nurse (not working to her full capacity and receiving several wages), more than an experienced physician, and a yardman, more than a mature architect, a jurist, and so forth. We are not indignant when the person who devotes all his efforts to science and creates the theoretical basis for scientific and technical progress and the prerequisites for our country to reach forward lines in science and technology, as a rule, earns less than members of our numerous academies, many of whom have given nothing to society for a long time, and less than others who have never given anything. Or rather, how they "gave"! With a full sweep of their arm, painfully, and not once. So painfully that to this day society cannot recover from the "scientific contribution" of the followers of Lysenkov, Mitin, and other academicians.

With pain in my heart I thought about V. V. Leontyev, a winner of the Nobel Prize and a world famous economic scientist, who lives in the United States and who has arrived in our country recently. What would it have been like if he had remained in our country in the 1920s? Would he have shared the fate of N. D. Kondratyev, A.

V. Chayakov, and others, or...? To be sure, his fate could have turned out in all sorts of ways, but I am firmly convinced that, having gone through Stalin's "purgatory," it is unlikely that this scientist would have consulted, as he does now, the biggest production organizers at industrial world centers, who are yearning to get to him. More likely, he would not have been permitted to reveal himself, including out of envy, out of the urge not to let a person rise too much above others with his talent, persistence, and industriousness. After all, Lysenko out of envy also fiercely hated N. I. Vavilov. How many bright talents were destroyed in our country because of the striving toward a kind of averaging, toward not letting someone outshine others with his achievements, as we say, "go too far."

To go back to common sense and to purify Marxism-Leninism from the distortions and outgrowths of utopianism is a big social, political, and moral task. At the same time, we should not blame Stalin's or Brezhnev's policy for everything. A great deal was born as a result of the doctrinaire approach to our ideological legacy and the attempts to squeeze vital contradictory life into the Procrustean bed of a dogmatically understood doctrine. It is no secret that the wage leveling approach was also predominant among the leading echelon of party members during the Leninist period. Remember V. I. Lenin's work "State and Revolution," where he expresses the thought that any employee of the state apparatus should have a salary not higher than the earnings of a skilled worker. However, V. I. Lenin quickly revises his position, seeing in practice that such an approach "does not work." A great deal from the classical legacy should be reconsidered through the prism of "does it work or not." One should proceed from life, not from schemes. However, such a reconsideration requires a great deal—talent, sagacity, and courage. After Lenin's death it turned out that there was no one to do this: Some vanished in prisons and camps and some kept silent for many years. Nothing prevented the bureaucracy from implanting simplified schemes in the style of "barracks communism."

Even today wage leveling leads to the dissipation of resources, to a late completion of projects (according to the principle of every person must have his tithe pig), and to undermining the principles of a successful development of industry and agriculture. Wage leveling does not make it possible to uncover the capabilities of many workers, employees, and kolkhoz members and the creative potential of scientists and representatives of the technical intelligentsia. Finally, it should be stated openly: It is doubtful whether in a normal atmosphere not connected with extraordinary circumstances talented people will "go all out" under wage leveling conditions, and many of the gigantic cherished dreams in the restructuring channel requiring vast intellectual work and intense labor may not be realized fully.

The too big stress on the interests of the minority in detriment to the majority is the second cardinal source and, at the same time, the consequence of social injustice

in our society. However, not in the sense in which our ordinary consciousness mostly records this. I will try to explain this. I have often pondered over the reasons for the stability of the countries of developed capitalism. In contrast to socialist countries (Hungary, Czechoslovakia, and Poland), which in the last decades have lived through social crises, the countries of state-monopoly capitalism have not encountered large-scale crises for a long time, possibly with the exception of France in the 1960s. I have in mind crises vitally dangerous for the social system. The question arises: Why? Apparently, the chief thing lies in the fact that the ruling bourgeois class, which has learned from the experience of our revolution, has long understood that it needs a reliable support in the form of the so-called "middle class"—this kind of social conglomerate. The high standard of living and, on the whole, the bourgeois world outlook of the "middle class" guarantee a peaceful sleep for the powers that be. Strikes, noisy demonstrations, stormy actions by national minorities, and radically disposed students—all this in no way threatens the foundations of capitalism: Behind its back there is a solid, politically influential, and economically secure majority.

Our revolution took place for the sake of meeting the fundamental interests of the majority, and generations of people grew with the thought that socialism proceeded from their interests. On the whole, this is so. However, what is to be done with the following facts? Our economic reform of the 1960s got bogged down and the present also encounters considerable obstacles in its way, largely because we cannot find an acceptable solution to the following problem: What to do with people who are unable and do not want to work at full capacity? What to do with 5 million alcoholics? What to do with undisguised loafers? We will count and obtain a vast army of people not capable of highly productive labor. In bourgeois society they would be thrown overboard from life. But what are we to do? We cannot act as they do in bourgeois society, because then every worker will ask: What are the advantages of socialism?

The matter of the incapable minority concerns the majority. This is a matter of the efficiency of our economy; if you wish, of the fate of socialism. At the same time, the redistribution of the national product in the interest of drunkards, loafers, habitual hack workers, and so forth is the grossest violation of the socialist principle of distribution according to labor. However, this is not so terrible. The trouble is that our humane attitude toward the lackadaisical minority makes the creation of an efficient economic mechanism problematical.

Guaranteed idleness or slipshod work nips in the bud any attempts to activate mechanisms of competitiveness and stands like an insurmountable wall in the way of greater efficiency of public production. Why to make an effort if, as it is, it is possible to live at the expense of those who "give all they have got."

And since, in the final analysis, all social life is mediated by economic relations, what can more deform the principles of social justice than a poorly operating economic mechanism, which, in fact, has gotten out of control, when poor-quality goods, which often no one needs, are produced and valuable initial raw materials are wasted criminally?! An economy working for gross output, not for man, in itself is a concentrated expression of social injustice: On the one hand, the worker is literally doomed to an insufficient remuneration of his labor, because the results of this labor, objectively, are not always socially useful and, on the other, he cannot fully realize the earned money.

Dependence on others is the product of wage leveling and the reflection of the unsolved problem of relationships between a more or less normally working majority and a minority, which does not overstrain itself very much in the field of public production. To be sure, this word is one of the most frequently used in our country now, when even under the newly formed economic mechanism strong farms cannot develop normally owing to the fact that they must keep weak ones afloat. In word a great deal is said about the need to put an end to dependence on others (which, incidentally, is manifested in many spheres), but in deed everything remains as before: As yet no one really feels the threat of a bankruptcy and ruin for laziness, irresponsibility, and uselessness, because the state comes to his aid. And the consequences? I will turn to V. Starodubtsev, who, I think, is known throughout the country and who writes the following in the article "Will the Village Feed the Country?" (PRAVDA, 6 August): "Are farms, or maybe entire rayons, where more food is eaten than produced, a rarity? On what grounds did dependence on others arise and get stronger? I have seen enough. These people are more prosperous than on many advanced [farms]. Why? They generously allocate for wages everything that they receive from the state—credits, increments, and subsidies. It is not important whether there is output or not. For days-off. For presence. They appear at work in order to rest and to make off with something."

A. F. Veprev, another of our famous economists, spoke in approximately the same manner during the meeting with M. S. Gorbachev in Krasnoyarsk.

I, probably, like many readers, took notice of Yu. Sidorenko's polemic notes "Eau de Cologne for the Chief" (SK, 3.09.88).<sup>\*</sup> I do not agree with many of its propositions, but thought should be given to some of them. With enthusiasm alone, indeed, we will not go far, especially in the 71st year of Soviet rule. It is also correct that in the course of restructuring, the structure of our society will change, many of our habitual concepts and material and moral priorities will be reinterpreted, and the prestige of occupations will change. Are we ready for this? To be sure, no.

I think that we do not quite realize that the present state of our society is a crisis of vain illusions and utopian ideas of incentives for development in socialist society,

of the nature of relationships among its different social and occupational groups, and of the conditions and periods of formation of the new man. If we persist in the error, or knuckle under to the backward strata of society and wage leveling principles prevailing in mass consciousness, a difficult fate will await us: We will pass from the scene as a world power, as a developed country.

It seems to me that in many respects the present state of our society is similar to what was experienced in the early 1920s. At that time it was revealed that life overturned the former ideas of the periods, ways, and methods of building socialism. Having overcome the resistance of many of his colleagues, Lenin attained the introduction of a new economic policy. It produced the deepest shock among many revolutionaries. However, Lenin was right. Resistance is inevitable now. We still live according to the laws of the command-administrative bureaucratic model of socialism, which should give way to the model built on Lenin's concept of socialism. This will occur after a full implementation of the economic reform and a fundamental restructuring of the party and political structure mapped out by our party and as democracy and glasnost develop. Stalin's model deformed the principle of social justice. Look what interdependence is formed. The command-order model of management formed in its depths in its nature is doomed to be a model of shortage. However, in society, as in nature, a vacuum is intolerable. In order to fill the niche of unmet consumer demand, a "shady economy"—so-called moonshiners and other links of underground business—appears.

On the other hand, when money ceases to be a full-weight measure of material remuneration, a closed system of benefits and privileges is formed. Here we greatly differ with the author of the article "Eau de Cologne for the Chief." I categorically do not agree with him that it is necessary to create privileges especially for managers and many other individuals, because reverse logic is reflected here: Privileges are needed, because under conditions of a weak economy money means little, but in order that managers not be subject to corruption, they must be given everything in full. And if vice versa? If, as Kabaidze said at the 19th party conference, managers are forced to "catch mice," perhaps we will overcome the notorious shortage sooner?

The problem of benefits and privileges should not be approached from the point of view of pragmatic logic—if we deprive them of advantages, then they will immediately fall into the snares of corruption. Although, on the other hand, this logic is not unfounded. However, it should be a matter of something else. It concerns our managers and party members, whom we should trust and believe in their fairness, honesty, and decency. We must not forget that now, after the terrible damage to the spiritual health of society and to the prestige of our party, which was done during the years of stagnation, we must restore a great deal. And, first of all, the good name of the party member and of the Soviet manager tarnished by degenerates.



Let us assume that the time has not yet come to abolish the system of "shady supply." After all, its appearance was due to certain objective circumstances. However, we cannot simply dismiss this problem, justify ourselves with references to the low salaries of party workers, or pretend that we do not understand what is discussed. Such a position is very dangerous, because people's trust in the determination to bring restructuring to a logical conclusion is undermined. Why?

In recent years life has become more difficult for many and not everyone has realized that during the first years of restructuring our budget has had such shocks as a sharp drop in income from oil exports, big losses in connection with the Chernobyl tragedy, and a significant reduction in proceeds from the sale of wine and vodka products. In one way or another, the increase in the price of alcohol (which many people are not yet ready to give up) has strongly hit the family budget of a considerable number of people. Imported consumer goods have disappeared to a considerable extent. The tendency toward eliminating inexpensive goods and raising the prices of high-quality goods is increasing. Sugar is still among rationed products in many regions. Everyone expects a sharp rise in the prices of meat and dairy products and people are not fully confident that this will be compensated adequately. Previously, they were often deceived. Under these conditions it is expected that the ruling circles, through whose fault—if we point to the continuity of our policy—the economy was brought to such a difficult state, also share the well-known burdens of the first years of restructuring. In fact, not workers and peasants are to blame for the disorganization of our economic life and the appearance of such a vast army of bureaucrats, many of whom do not make it possible to manifest initiative and socialist enterprise and stand in the way of restructuring.

In my opinion, money should become the measure of material remuneration for all. Accordingly, party workers' wages, which in their totality, even with due regard for various kinds of increments, are not high, should be increased. They should correspond to the quantity and quality of their labor.

With all my zealously negative attitude toward the system of "shady supply" I do not think that it would be reasonable to suddenly abolish special services in all respects immediately. This system has encompassed all our society beginning with its upper tiers and ending with lower ones. Nevertheless, it seems that it is vitally necessary to curtail the excessive appetites in the creation of benefits for our elite. A little more sense of measure, party modesty, and, if you wish, conscientiousness will not be at all a hindrance here.

Again, however, everything requires reason and a sense of measure. It is silly to force a minister or a member of higher party leadership to stand with a string shopping bag in line for carrots, or to squeeze himself into an overcrowded bus. We must try to get him to see to it that

there is no need to stand in lines or to take a bus by storm. However, if I were asked what is now more important for our society, to fight against wage leveling or for the liquidation of privileges, I would answer, against wage leveling, of course. There can be no two opinions here, because wage leveling as a certain philosophy, on the basis of which the noneconomic model of management arose, also gave rise to "shady supply." Well, you will say, why is our system of benefits and privileges needed where material benefits are available to most people and in any case the demand for deficient or high-fashion goods and services is regulated by means of economic, not administrative, levers? Honestly speaking, our special services are the recognition of our inability to create a normally functioning social and economic mechanism.

If a successful functioning is destined for our economy, an increase in the differentiation of family income is inevitable. However, as sociological surveys show, public opinion associates such a tendency with social injustice—the natural consequence of wage leveling. We will still have to work and work here in order to introduce the concept of truly socialist principles of distribution into the consciousness of the masses. Otherwise, we will not avoid the repetition of pogroms against peasant "hothouses" and attempts at stifling cooperation at the root (because the cooperative worker earns "much"), at putting spokes in the wheels of expansion of socially useful individual labor, and so forth. Moreover, the economic reform itself will be under the threat of disruption.

The solution of the problem of social justice will be inseparably linked with the course of restructuring, with a sharp increase in material benefits, and with the creation of self-regulating mechanisms both in economic and in social life.

#### Footnotes

\*The editorial department received many letters concerning this article. We thank all those who wrote to us and hope that we will continue the discussion of the subject raised. (Editor's note).

#### Leveling 'Inevitable'

18280034a Moscow SOVETSKAYA KULTURA in Russian 29 Oct 88 p 7

[Article by G. Zhurnayev: "We Are Not in Charge Yet"]

[Text] I have decided to share my understanding of the problem raised in the article by A. Kiva entitled "Wage Leveling" (13 October 1988).

A. Kiva flatly refuses to see that with existing production relations and with the existence of the wage system itself wage leveling is inevitable. All attempts to limit it through ever stricter control and norm setting have led to such a sharp increase in the number of "controllers" and

"norm setters" that the abundance of them nullifies any attempts to eliminate wage leveling as well as the advantages from this control. The fact is that wages have the primary goal of establishing a certain standard of living depending on the kind of activity and the intensiveness of the activity, but are in no way connected to high-quality, productive labor or—the main thing—to labor needed by the society.

A person working for wages sets as his goal, at best, to make more, without ever asking whether he could do it better, and certainly not whether it needs to be done at all. In the worst case he is much more interested in "jacking up" pay and unwarranted bonuses than he is in really productive labor. Moreover, since most of the workers have long understood that with increased productivity and improved quality of labor the wage fund remains practically the same, they will always find an opportunity to straighten out his neighbor who in his naivete is "cutting the norms."

As distinct from the abstract life conceived by the propagandists, real life with its shortages and price increases provides a unique education for everyone, including propagandists and controllers. No matter how one may appeal to the worker to consider himself in charge of production, until he is able to dispose of the profit from this production or decide what to produce and in what quantity or how many administrators and engineers to have—until this time the worker will behave like an indentured serf: he will get through his time in production as quickly as possible and save his strength for his own work (on the side). And this pertains not only to workers but to everyone participating in production.

But with all the justifiable indignation concerning the self-seekers who take advantage of the shortcomings of our economy, one is frightened, confused, and irritated when people with a higher education, frequently with scholarly degrees in legal, economic, historical, and other sciences, stubbornly refuse to see the roots of what is taking place.

In agriculture today they want to stop wage leveling by renting the land to the peasants. In the next few years this will inevitable lead to an increase (and a very sharp one) in the output of agricultural products. Even today the higher managers should be thinking about what the peasants will receive in exchange.

It would seem that there is only one path here. Having said "a" the party must say "b." That is, even under the next five-year plan it should set the goal of mass rental of plants and factories to labor collectives. As in agriculture, there can be various forms (the essence lies not in which concrete case the labor collective itself will find the most acceptable form).

I think that unless we resolve this radical issue, we shall be wasting paper by filling it with reflections about conscience in a situation where people are barely making

ends meet. I am convinced that only on this basis will we be able to make a radical change in the psychology of the people. Then the very concepts of honor and conscience will acquire an entirely different idea and meaning from what they have today. And, of course, the question of wage leveling will have disappeared of its own accord.

#### Citizens Respond to Article on 'Shadow' Economy 18280026 Moscow PRAVDA in Russian 15 Nov 88 p 2

[Letters: "'Princes' and 'Paupers'"; Article referred to in introduction, on methods to curb illicit transactions, was published in JPRS series: UEA-88-044, 29 Nov 88 p 93]

[Text] An article with this title by V. Yaroshenko was published in Pravda. It put up for discussion several urgent problems in the struggle against the shadow economy and against those who are getting rich at the expense of society, or more accurately, of each of us.

Many readers responded to the article. They expressed various viewpoints on the problems touched upon in the article. These are directly linked to perestroika. The letter writers also try to make their contribution to the triumph of social justice.

It has long been time to discuss problems in the struggle against the criminal enrichment of some individuals. But...stop! Think about it. Does this really involve "some individuals?" In truth, what is operating here is organized crime with a well developed "metastases."

Some say that the appropriate organs and our courts will find and punish these criminal-grabbers. Today, however, everybody sees that this is insufficient. The author is right in proposing that a USSR law on the declaring of income be passed. This will not only help in discovering crimes, but will play an important preventive role.

Some are doubtful: This would require a huge control apparatus! However, the game is worth the candle, economically, politically and morally. I fervently support the author's proposal to eradicate "underground millionairism."

I also support the proposal to introduce a progressive income tax that would prevent citizens from becoming millionaires and obtain super-incomes from supposedly "legal sources." Super-security, even if it is not criminal, also corrupts people. Rich heirs turn into do-nothings and parasites. A special, morally unhealthy strata is formed.

A. Malin, War and labor veteran, Simferopol

Honest People have nothing to fear from a progressive tax, but receivers of unearned incomes will be trapped.

I also agree with penalties of up to 10-100 times the value of goods stolen from enterprises, warehouses, libraries, etc.

Therefore, I also think that until such penalties are introduced, nobody will be able to deal with thieves, either large or small.

**L. Vasilleva**, Controller for extra-agency protection, Leningrad

I support the proposals in the article. They reflect our discussions behind the scenes. I have in mind workers and all those who earn the Soviet ruble by their honest labor. Comrade Yaroshenko, your proposals should now be in the Supreme Soviet or its Presidium and be made into law. I thank you on behalf of myself and my comrades at work.

**V. Zhivotikov**, Worker, 59 years old, 44 years on the job, Rostov on the Don.

The author dedicates half the article to his beloved idea of introducing a law on declaring incomes and expenses. In his opinion, this would serve as a means of exerting economic and psychological pressure on, above all, the system of organized crime. How strange! Does the author seriously think that figures in "left" business fear a piece of paper?

There is no dispute about society's having the right to protect itself with economic and other tools. However, the economist is clearly subservient to administrator, who is endeared to other tools, in particular his esteemed "declarations," and is apparently affected by good memories of trips abroad. He imaginatively depicts a "terrible" picture for plunderers and bribe takers if this declaration were introduced. Well, a magic broom will sweep away all dirt. In spite of my contempt for individuals active in the shadow economy, I cannot take them for fools.

Bigwigs in the shadow economy will find means and methods for escaping from their sins. This will complicate their lives, but that is all.

However, the declaration is not enough for the author; he proposes "introducing a progressive tax." He supports this by references to some countries taxing up to 80 percent of super-profits. Of course, we should, within intelligent limits, use worldwide experiences. Unfortunately, we cannot seriously make use of experience in some countries which, even though they have a Majestic Deficit, do not know about the existence of such economic monsters as "planned loss enterprises."

While rejoicing over the idea of social justice, we must nevertheless define just what this means, as not everybody understands it in the same way. For some this is the social standard of living depending upon the quantity and quality of products; for others it is dismal leveling. But isn't it clear that this notorious leveling is one of the reasons for

economic disorders and is the soil upon which the shadow economy grows? It has to be destroyed. This can only be done through economic measures. I do not know which ones.

**A. Taryshkin**, Candidate of Economic Sciences, Zhukovskiy, Moscow Oblast

I completely support all the proposals in the article. We do have economists who can think. There are ways of using underground millionaires to solve the housing problem so that in five years we will not have this problem. Of course, this means equitable distribution.

I think that highly paid workers, above all managers at various levels, will oppose the reforms proposed in the article. They make decisions, and, as a rule, they do not make ones which damage their own interests.

**A. Mikhaylov**, CPSU Member, Miass, Chelyabinsk Oblast

It is time to clean out the swindlers, speculators and profiteers. Will, as the author thinks, this be helped by a declaration of incomes and expenses? Everything seems simple to comrade Yaroshenko, motivated by good intentions. As I understand it, all measures connected with the declaration will be handled and monitored by the same command-bureaucratic apparatus which, in some places, has linked up with the economic criminals. A question arises: Will a raven peck out another raven's eye? How can one find out how much someone has earned or accumulated. Check savings books, break the piggy bank, search a dacha?

Let us compare an oil worker who, working in the Siberian frosts, or in the summer, providing himself as food for the bugs, earns 50,000 in his entire life, with a wheeler-dealer from BAM-TAM-SYaM-stroy (Construction trusts), who earns the same amount in a year. I think that it is clear who has the greater possibilities of getting around the declaration.

How many good, necessary decrees and decisions by the party and government have withered on the vine, turned upside down, or remained in offices? How can this be?

Here is my conclusion. Until we create a genuinely just state, where the people themselves, and not their permanent "servants," will decide what to do, what films to see and where to live, until we have genuine socialism which can give a good life to everybody, until then it is too early to talk about declarations and progressive taxes. This would just put another knot in the hands of the "apparatus."

In my opinion the main weapon in the struggle against speculation and other negative phenomena is an abundance of everything: food, clothing, all material and spiritual needs. This requires that all members of society work much better.



Yu. Yangurev, Communist, worker, Bashkirskaya ASSR

### Changes in Manpower Utilization Explained

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[Article by V. Kulakov, chief of a section of the USSR Gosplan: "Planning Utilization of Manpower Resources"]

[Text] Structural changes in employment are under way at present as the result of the restructuring of the national economy; development of the cooperative form of production organization, personal labor activity, and leasing relationships; the expansion of enterprises' economic independence and material responsibility; and reorganization of the national economy's management organs. Thus the requirement of state enterprises and organizations for additional workers and employees declined in 1987; instead of the 0.6 million persons envisaged in estimates of the plan draft for this year, the number of persons employed actually was 0.46 million, or 140,000 less. The number of able-bodied persons employed in cooperatives was increased. According to data from the USSR Goskomstat [State Committee for Statistics], an average of 130,000 persons were working in them in 1987. The cooperative movement is being developed quite rapidly, and enterprises are beginning to play a more and more important role in it: nearly half of all those employed in cooperatives are working in industrial enterprises. Cooperatives are appearing more and more in construction as well. For example, the "Volkhov" Cooperative Trust which has been established is building roads in the Nonchernozem Zone of the RSFSR. There are now more than 30,000 cooperatives in the country employing about 450,000 persons.

In connection with the development of the lease contract, a new group has appeared in the employment structure—lessees. There is not much experience with their work yet, but it attests to the high effectiveness of the lease contract. In Moscow Oblast, for example, more than 150 collectives had entered into lease contracts as of 1 July 1988. Among them are 68 enterprises and organizations of the Glavmosoblstroymaterialy [Construction Materials and Construction Components Main Administration of the Moscow Oblast Soviet], including a relatively large enterprise such as the Butovo Construction Materials Combine. These enterprises are turning out products of good quality in short periods of time, and formerly unprofitable plants are becoming profitable. Labor productivity is rising rapidly. Thus, enterprises of the Glavmosoblstroymaterialy should reach the level of productivity planned for the end of the current five-year plan this year. The demand for additional manpower is declining accordingly.

Individual labor activity is continuing to develop. Nearly 190,000 persons were employed in it in 1987. It was assumed that organization of it would stimulate

participation in labor activity by pensioners, housewives and youth being trained with leave from work, although this has not taken place yet.

The introduction of new, progressive forms of labor organization in agriculture and the development of gardening and vegetable raising are strengthening the private subsidiary farms. In 1987 alone, the number of persons employed in this area increased by nearly 200,000.

Because of cost accounting, enterprises and organizations have begun to determine the requirement to train skilled workers more realistically and to try to make use of the personnel potential that is available more efficiently. In this connection, the number of persons 16 years of age and older who are being trained with leave from work increased by 0.1 million altogether over the past year instead of the 0.3 million that had been estimated.

Progressive changes are under way in the sectorial employment structure, and development of the nonproduction sphere is being stepped up. About 0.5 million persons, or nearly the entire increase in workers and employees, were assigned to these sectors in 1987, basically into public health, social security, education, science, culture, and housing and municipal services. Physical production as a whole has been expanding for several years now without an increase in the work force.

All these changes in employment attest to the fact that the economy is beginning to shift to an intensive path of development, in which the release of manpower is a natural process. Thus, according to estimates of the USSR Goskomtrud [State Committee for Labor and Social Problems], about 3 million persons should be released by the end of the current five-year plan just through the shift by production sectors to the new wage conditions and the introduction of new wage rates and salaries; as a result of the measures cited, 1.2 million persons have already been released in the first 2 years of the current five-year plan.

Not only sectors, but individual regions and union republics as well, are shifting to the new wage conditions. For example, these conditions have been introduced in the Estonian SSR since 1987; in the very first year there was an above-plan increase in all production sectors, but the rate of increase in labor productivity outstripped the increase in production volume by 1.5 times as much. Because of this, nearly 5,000 persons were released from the production sectors and assigned to the nonproduction sphere.

The central management staff is also being cut back at present. As the result of measures planned in this area, about 16,000 employees were released from central ministries and departments located in Moscow alone as of 1 June 1988. Similar work is being carried out everywhere. In many union republics, the work force of the departmental management system has been reduced by nearly one-half.

Positive changes in employment have been outlined by territories in the country. In the central regions, production plans are being fulfilled without increasing the work force, as a rule; in the republics of Central Asia, Kazakhstan and Azerbaijan, production plans are being carried out with the additional involvement in public production of the unemployed able-bodied population. For example, more than 400,000 new workers in these republics were assigned to enterprises, construction projects and organizations in 1987.

However, there are also negative aspects along with the positive changes in employment. In particular, as the result of a calculation made by labor organs in 1986 and 1987 in many of the country's cities and rayons, about 900,000 unemployed persons of working age were identified. The fact that roughly 15 percent were persons with a higher and secondary specialized education and that a high proportion were young persons (up to age 30) is of particular concern. The situation is particularly unfavorable in the republics of Central Asia and the Transcaucasus, where the proportion of persons in the age group cited identified among the unemployed population is as follows: 66 percent in the Azerbaijan SSR, 60 percent in the Kirghiz SSR, 46 percent in the Turkmen and Armenian SSR's, and 37 percent in the Georgian SSR. In the overall manpower resources in these republics, 12 to 22 percent of the able-bodied persons are employed in household work, while this figure is only 7 percent in the RSFSR, for example.

The emergence of new trends in the changing employment requires that the traditional methods of working out the balances of manpower resources—the basic tool for planning utilization of the country's labor potential—be reexamined. It is common knowledge that planning utilizes a system of manpower resource balances worked out for the USSR as a whole, union and autonomous republics, krais and oblasts, and rayons and the major cities, as well as subsidiary balancing calculations: there are additional requirements for workers and employees and the sources for them, as well as additional requirements for kolkhoz farmers and skilled specialists and the balance of youth at work and in training.

Improvement in planning under the new conditions of economic operation presupposes that its excessive centralization is eliminated and that it is brought into conformity with the requirements of the laws on the state enterprise (association), cooperatives and individual labor activity. The number of indicators being adopted for enterprises and organizations is being sharply reduced, the volume and structure of state orders are being reexamined, and the initiative and creativity of labor collectives are being encouraged.

However, the balances of manpower resources continue to be a necessary and important tool for ensuring balanced and proportionate development of the economy under the new conditions for management of the national economy as well.

Moreover, reinforcement of the role of union and autonomous republics and kray and oblast ispolkoms in the overall socioeconomic development of territories under their jurisdiction makes the balances of manpower resources one of the principal economic methods of management.

The following basic objectives should be achieved in the process of planning the use of manpower resources and the work force:

- provision for efficient employment, that is, the establishment of conditions in which the needs of the people for work are met in all regions of the country;
- implementation of an effective demographic policy which provides for the necessary reproduction of the population for the USSR as a whole and for economic regions;
- efficient use of the entire labor potential and individual groups of the population: youth, women, and persons older than working age based on introduction of the achievements of scientific and technical progress and improvement in the organization of production, labor and management; and
- provision of a skilled work force for sectors of the national economy and development of a system of organized retraining for released workers and their job placement.

A fundamental requirement for improvement in planning the utilization of manpower resources in the future should be an increase in the active role of the preliminary balance of manpower resources in drafting the Conception, the Basic Directions and the five-year plans for economic and social development of the USSR and union republics. This balance is compiled before the specific volumes of production (operations), planning to increase labor productivity, capital investments, and so forth become known. It is worked out on the basis of the predicted size of the population and its structure 15 to 20 years ahead and makes it possible to determine the labor resources which the society will have at its disposal in the future.

These resources are distributed by areas of activity and sectors of the national economy both for the country as a whole and for individual territories, proceeding primarily from the necessity of providing for efficient employment and based on full satisfaction of the people's work requirements as well as the establishment of conditions for reproduction of the population. In the second stage, the preliminary balance of manpower resources is corrected by stages, taking into account the specific conditions for development of the economy by individual regions and sectors.

The preliminary balance of manpower resources contains the most important indicators which determine the balanced development of the economy; for this reason, it

would seem that calculations of it should form the basis for drafting state plans and programs. However, this does not take place as a rule; at best they are used for predicting individual macroindicators: the productivity of national labor, the gross product, and the country's national income (the preliminary balance of manpower resources is taken into account more fully in general schemes for the development and distribution of the productive forces of the USSR and union republics).

One of the reasons for this is the lack of methods to combine sectorial and territorial planning efficiently. In the composition of draft plans for the economic and social development of union republics, the latter are usually not considered as separate national economic complexes which include a combination of enterprises and organizations of union and republic subordination. The object of planning, as a rule, is the economy of republic subordination, but the proportion of this in the gross product of union republics is small. The plans for the social and economic development of union and autonomous republics, krais, oblasts and rayons were determined until recently only after the approved state plans were brought by ministries and departments of the USSR to the enterprises and organizations under their jurisdiction. It is clear that with such an organization of territorial planning the preliminary balance of manpower resources could not play a significant role in shaping the draft plans.

The powers of the territorial organs have been extended significantly lately, and now the union and autonomous republics, krais, oblasts and rayons bear responsibility for the overall economic and social development of their territories and the efficient use of manpower resources. Under these conditions, we cannot do without a balance method of planning, including the balance of manpower resources.

The central organs of plan management should also be restructured. Certain steps have already been taken in this direction. A preliminary consolidated balance of manpower resources by 5-year periods for the USSR as a whole and union republics, with distribution of manpower resources by fields of employment and sectors of the national economy, has been worked out for the first time by the USSR Gosplan in preparing the draft of the Conception of Economic and Social Development of the USSR up to the Year 2005. Unfortunately, however, this abundant material has been used only to substantiate individual indicators in the Conception and only at the national level. The territorial problems of socioeconomic development and employment were not reflected in the Conception.

The methodology for working out the consolidated balances of manpower resources is being changed substantially under the influence of the structural shifts in employment examined above.

In determining the total manpower resources, basic attention is being devoted to improvement of the indicators of natural and migratory movement by the population. In planning natural population movement, it is important to correctly forecast the effect that may result from the stimulation of demographic policy and the implementation of measures to improve health, reduce the mortality rate and increase the average life expectancy of the population. These measures were stipulated in the Basic Directions to Protect the Health of the Population and Restructure the Public Health of the USSR in the 12th Five-Year Plan and the Period up to the Year 2000.

With respect to the birth rate, it is important to consolidate what has been achieved and to achieve new positive results. A broad program of measures aimed at more fully meeting the population's material, social and spiritual needs is being implemented for this in the country. In the 1985-1987 period alone, the average number of dwellings introduced annually increased by 9 percent; the number of schools increased by 28 percent, the number of preschool institutions increased by 10 percent and the number of hospitals increased by 9 percent. Over the past 3 years, housing conditions were improved for 32 million people. In 1987 the rate of increase in capital investments for social needs was three times higher than in the national economy as a whole. Privileges for working mothers were introduced. All this has had an effect on the birth rate indicators in the country. At the end of the 1970's, the country had the lowest level of population reproduction and the overall birth rate indicator (the number of children per woman) was 2.27; it has now increased to 2.46. In the 1981-1985 period, 26.3 million children were born in the country, or 1.6 million more than anticipated under the forecast made from the 1981 base year. In the past 3 years, the number of births has remained at the level of 5.4 million; this is the maximum indicator for the postwar period. The average life expectancy in the USSR, which declined in recent years, has now increased by 2 years, and 2.6 years for men.

It is very important that positive changes in the birthrate occur in the RSFSR, the Ukrainian SSR, Belorussian SSR and the Baltic republics. This will make it possible to hope that depopulation processes in a number of regions of the central part of the country will come to a halt.

Estimates of population size, based on changes which occurred in its natural movement from 1 January 1987, showed that if recommended measures had not been carried out, by the year 2005, the country's population would be fewer by 7 million persons, which includes 2 million persons of working age.

Population migration, which is increasing in intensity, is exerting more and more influence on the organization of manpower resources. According to scientists' estimate, 20 to 25 million persons take part in migration processes each year. In this connection, it is very important in



planning the migration to take into account all the conditions which determine the migration mobility of the people among the country's regions.

Impractical population migration is inflicting considerable economic harm at present. This problem is especially critical for Siberia and the Far East, where migration constitutes nearly 60 percent of the population growth in an urban area.

In the 1981-1986 period, the influx of population in Siberia and the Far East exceeded the outflow by 0.7 million persons. The population turnover in urban settlements alone reached 14.0 million. Of the people who left, no less than three-fifths had lived in areas of settlement for less than 3 years, but the expenses to move one worker to Siberia and the Far East and provide him with living necessities are much higher than in other parts of the country (they are equivalent to 17,000 to 20,000 rubles). The loss from impractical migration in the Far East alone, for example, amounted to about 6 billion rubles during the 1970's.<sup>1</sup>

One of the most crucial problems in the central regions of the country is to get rural youth to remain in the countryside and attract city dwellers to live permanently in depopulated villages and settlements, especially in the Nonchernozem Zone of the RSFSR. It is generally known that many rural settlements have either ceased to exist at all or have been put on the brink of extinction because of the unsatisfactory socioeconomic development of the rural area and the ill-considered siting of production in the large cities. For example, beginning in 1971, more than 1,000 villages in Kostroma Oblast were put in the "unpromising" category.<sup>2</sup> About 500 schools, 248 stores, 74 clubs, 33 medical institutions and 45 post offices have been closed in the oblast. The social and economic consequences of such measures have not ceased to have an effect. In 15 years 120,000 persons have left Kostroma villages, and the number of persons working in agriculture has dropped by 14 percent.

This kind of "management" of socioeconomic processes has had negative effects not only in Kostroma Oblast. Practically no reserves are left in the work force in the rural areas of many other oblasts. Thus, 4.4 percent of the manpower resources in Vologda Oblast are employed in household work and private subsidiary farming; 3.5 percent are employed in this way in Novgorod Oblast, 3.6 percent in Pskov Oblast, and 3.2 percent in Bryansk Oblast, whereas this indicator is 10 percent for the USSR as a whole and 7.3 percent for the RSFSR.

In the republics of Central Asia, the Kazakh SSR and Azerbaijan SSR, as well as in the autonomous republics of the northern Caucasus, the mobility of the rural population is very insignificant, unlike the country's central regions. For example, while the number of rural residents in the RSFSR and the Belorussian SSR declined by 80 to 85 percent from 1951 to 1980 because of the migratory exchange with the cities, the number of

residents declined by just 18.5 percent in the Uzbek SSR and only by 4.6 percent in the Tajik SSR. In the 1971-1986 period, the proportion of the population living in rural areas declined from 63.9 to 58.1 percent in the Uzbek SSR, from 62.9 to 60.3 percent in the Kirghiz SSR, from 53 to 52.4 percent in the Turkmen SSR, and from 50.2 to 46 percent in the Azerbaijan SSR, but it even increased in the Tajik SSR—from 64.1 to 66.7 percent. In comparison, 26.5 percent of the population in the RSFSR now live in rural areas.

As a result of the poor migratory mobility of the indigenous population in the republics mentioned, a contradictory situation has taken shape. On one hand, there are sizable underutilized reserves in the work force in rural areas, but on the other hand, there is a continuous shortage of personnel, chiefly skilled persons, at many enterprises, and particularly at construction projects which are located in the cities, as a rule.

Persons of indigenous nationalities in the Central Asian republics very rarely move to other regions in the country. For example, they comprised about 2 percent of the migrants coming to Siberia and the Far East in the 1981-1985 period.

One of the important reasons for the poor migratory mobility of the rural population in Central Asia: republics is the insufficiently high level of urbanization of cities in regions with excess manpower. They do not have enough housing, schools, hospitals, polyclinics, and other social facilities. The urban population in Central Asia is provided with significantly fewer of these institutions per capita than in other republics. Thus, in 1986 there were 33.9 physicians for each 10,000 persons in the Uzbek SSR, 27.4 in the Tajik SSR, 33.4 in the Turkmen SSR, and 34.1 in the Kirghiz SSR, whereas there were 55.1 in the Georgian SSR. In 1986 there were 10.1 square meters of living space per resident in the Turkmen SSR, 11.1 square meters in the Tajik SSR, 11.2 square meters in the Uzbek SSR, and 11.3 square meters in the Kirghiz SSR.

Management of the entire combination of measures related to efficient migration has been at a higher level in recent years than in the past. A number of territorial programs, including those to speed up socioeconomic development of the Nonchernozem Zone in the RSFSR, the Far East, the republics of Central Asia, the Nagorno-Karabakh [Autonomous Oblast], and other areas have been drafted and are being implemented. All this promotes positive changes in population migration as well. Thus the intensiveness of migration by the rural population in the RSFSR's Nonchernozem Zone has declined by a factor of more than 1.5 recently. In Western and Eastern Siberia, the population has stopped declining because of migratory exchange with other regions in the country, and the balance of population migration in Central Asia has become negative. At the same time, the migration processes are still not contributing to the full

extent to the overall and efficient socioeconomic development of individual territories, the organization of stable production collectives, and the implementation of demographic policy objectives. The possible major changes in population migration that may take place with the introduction of new forms of economic activity and territories' transition to full cost accounting are not being studied sufficiently, either.

The involvement in work of persons beyond working age has a significant effect on the organization of manpower resources. The absolute and relative number of working pensioners has been continuously rising until recently. For example, while men over 60 and women over 55 made up 5.4 percent of workers in the public sector in 1970, they comprise roughly 6 percent at present. Practically every third old-age pensioner is working now. There is a higher level of employment among men 60 to 65 and women 55 to 60 years old. Materials from a selective survey of the number and composition of pensioners conducted by the USSR Goskomstat showed that as of 1 January 1984, 39 percent of the men and 40 percent of the women were working at that age, while 15 and 15.7 percent, respectively, of those in older age groups were working.

There are many reasons for the high employment of old-age pensioners: extensive development of the national economy, the high additional demand of enterprises and organizations for manpower, a complicated demographic situation, and shortcomings in providing pensions for the elderly. In this connection, management of pensioners' employment basically has amounted to meeting the national economy's additional requirement for personnel, including through the provision of incentives for older persons, including women, to work in unprestigious occupations. According to the 1979 population census, 68 percent of the working women of pension age were employed primarily in physical labor.

**The criteria for planning pensioners' employment should be changed** in the future. It has to be kept in mind first of all that the number and type of persons above working age will be different. The proportion of these persons in the overall population will increase from 16.9 percent in 1987 to 17.8 percent in the year 2005. At the same time, the number of elderly age 55 to 60 (women) and 60 to 65 (men) will decline by nearly 1 million, and their proportion in the total number of persons of pension age will drop accordingly from 28.7 to 22.1 percent.

The proportion of old-age pensioners with a primary education or less, especially among the relatively young pensioners, will decline. For example, while 82 percent of the men age 60 to 65 and 85 percent of the women age 55 to 60 had this education in 1970, an average of 55 percent had this education in 1979, and in the year 2000, according to an estimate by the NIEI [Scientific Research Institute for Economics] under the USSR Gosplan, 25.6 percent of the men and 15 percent of the women will have such an education.

The change in the quantitative and qualitative characteristics of persons of pension age makes it necessary to carry out a more flexible employment policy for them. In addition, it has to be kept in mind that the economic and social situation will change as the result of the intensification of public production and the effect of the new economic mechanism. The release and redistribution of workers will be accelerated, and there will no longer be a need to involve a large number of pensioners in work for that reason.

The employment of pensioners in the future has to be viewed not so much from the standpoint of providing the national economy with personnel as from the position of shaping a definite way of life for the elderly. Even at present, many of the working pensioners are continuing their work not only because of the additional earnings, but to satisfy their vocational interests and to retain social importance and involvement in those reforms that are taking place in the country. For example, according to data from a selective survey, of those who were pensioned in 1982, 50 percent of those with a monthly pension of more than 100 rubles have continued to work and only 16 percent of those with a pension of up to 60 rubles have continued working.

In organizing employment for pensioners, it is advisable to take into account establishment of the necessary preferential work routines and conditions for them, primarily the provision of part-time work. Studies show that elderly workers get less fatigued and become ill less frequently with such a routine and their average monthly work productivity is above the average level. The need for wider use of flexible schedules is dictated by economic considerations as well; part of the work in housing and municipal services and the services area, for example, does not require a full work day.

Calculations show that when the work is organized in this manner, satisfaction of the need for work of those above working age can be significantly improved. At the same time, there may be 1.5 to 2 times as many pensioners employed in the national economy over 10 to 15 years, but this number will decrease substantially in an average annual calculation. This new aspect in utilizing pensioners' labor must be taken into account in organizing overall manpower resources.

**In the area of planning the utilization of manpower resources**, the methodological approaches to their distribution by fields of employment and sectors of the national economy are being changed substantially.

First of all, a minimum of the able-bodied population which is objectively necessary for reproduction of the population, which should characterize employment in household work, is apportioned out of these resources. In making such calculations, the number of women employed in taking care of young children, as well as those having three or more children, is determined first of all. The number of able-bodied women employed in household

work in individual periods in the future may change, depending on the effectiveness of measures for the socio-economic development of society as a whole and on the additional privileges provided for working mothers.

The process of extending glasnost in the society which has been begun will contribute to an increase in the validity of calculations of the unemployed population. There will be an opportunity to determine indicators such as the number of those sentenced to imprisonment, parasitic elements, and others quite accurately.

Selective statistical surveys and the registration of the unemployed population periodically conducted by the USSR Goskomtrud and its organs locally make it possible to single out a real labor force reserve as part of the able-bodied population employed in household work, which may be utilized in public production when specific conditions have been created. This reserve is already being established by the USSR Gosplan in coordination with the USSR Goskomtrud and union republics and is being included in calculations of the manpower balance for the USSR and broken down by union republics.

The approach to planning personal subsidiary farming, which essentially has been turned into a major sector of physical production, is being changed. In 1985, for example, these farms turned out 25 percent of the overall volume of gross agricultural output and produced 28 percent of the meat and eggs and 29 percent of the milk and vegetables. We can expect in the future that the role of the personal subsidiary farm will be strengthened in implementing the food program and in connection with the expansion of gardening and truck farming. For this reason, it appears to be sound to consider persons employed in personal subsidiary farming in a separate paragraph as part of those employed in public production. However, this does not mean that the number of persons employed in this area should be increased with those unemployed in public production, even in parts of the country with excess manpower, although such a proposal is being made by certain economists. Personal subsidiary farming should continue as before to offer broad opportunities for agricultural activity for workers, employees, and kolkhoz farmers in their free time, as well as their families and pensioners. The utilization of able-bodied persons of working age who do not have specific occupations in personal subsidiary farming may be stipulated only in certain cases in coordination with local soviets of people's deputies.

Changes in the economy are also affecting employment by training with leave from work. In this connection, along with the traditional methods of calculating the number of students 16 years or older, it has become necessary to consider them separately, as well as the number of those released workers who are being retrained with leave from work. The calculations are based on the fact that retraining is an average 6 months in duration.

Unlike previous calculations, the manpower resources employed in public production are now defined as the difference between the size of the manpower resources and the size of the population employed in household work and personal subsidiary farming, as well as individual labor activity and training with leave from work, including personnel retraining. At the same time, it is believed that the number of workers and employees should increase, not only through an increase in the able-bodied population, but a decrease in the number of kolkhoz workers resulting from the rise in labor productivity in agriculture.

In distributing the number of those employed in the public sector, the residual principle of planning employment in the nonproduction sphere should be overcome. As already noted, practically the entire increase in the number of workers and employees is going into this area at present.

Cooperative activity, both in the production and non-production spheres, is exerting considerable influence on the structure of employment. By their social nature as well as in the form of ownership, members of cooperatives cannot be regarded as workers and employees, and they are given a separate line in the balance of manpower resources for that reason. Following separate planning of the number of workers and employees and cooperative members, the planning of many other indicators, including labor productivity and the amount and structure of wages, should be changed as well.

The view has sometimes been expressed lately that the shift to the new methods of economic operation rule out the need to compile and make use of manpower resource balances. We cannot agree with this opinion. The importance of these balances increases with the stronger role of long-term planning.

It was shown above that the fundamental restructuring of the economy and the extensive structural shifts in employment are establishing conditions for participation in the national economy by all strata of the population, including youth and persons beyond working age. An example of this is the development of personal subsidiary farming and the family contract. The labor inputs in this areas are considerable. But they are not taken into account in calculating economic indicators, as a rule, primarily labor productivity. But how do we take into account the labor by women outside the area of basic activity? The labor inputs here are huge, incidentally.

It is common knowledge that the increase in free time is an important condition for overall and harmonious development of personality. However, no substantial changes in this direction are being observed yet. It is necessary to resolve this problem if we really want to consolidate and multiply the achievements of socialism through restructuring. In this connection, it is important not only to be aware of the workload of those employed in the national economy and outside it, but to manage



socioeconomic processes with this calculation in order to provide for a real increase in the workers' free time. For this reason, the system of manpower resource balances in the future should be supplemented by one more—the manpower resource balance calculated in time worked. The fundamental methodological approaches for compiling such balances have now been worked out. The task is to extend the necessary statistical data.

For many years the practice of planning the national economy has been unreceptive to the calls to take into account the requirements not only of the population as a whole or the average statistical person (the worker), but specific social and demographic groups as well: youth, middle-aged and older persons, and women. The situation has begun to change in recent years, although still very slowly. For example, state orders include indicators for meeting the needs of individual groups of the population, especially children and the elderly, as fully as possible. At the same time, the record of differentiated requirements could be more accurate if the practice of planning had rested on a firm foundation, including a system of manpower resource balances broken down by sex and age.

This balance makes it possible to establish the role of social and demographic factors in organizing and utilizing manpower resources and their influence on an increase in the efficiency of public production, as well as the demands being made by rapidly changing production on the worker himself and his quality characteristics. With its help we can make more sound decisions about providing sectors of the national economy with a labor force as well.

The USSR Gosplan and the NIEI attached to the USSR Gosplan have practically completed working out the methodology for compiling the manpower resource balances by sex and age. It makes it possible to begin drafting the balances by sex at first, and later on, when experience and statistical data have been accumulated, by age as well. However, the problem of expanding statistical data arises again. It would be advisable to change the frequency of the all-union population census from 10 to 5 years and to supplement the data bank further with the results of selective surveys.

It is common knowledge that annual planning will be abolished with the 13th Five-Year Plan. In this connection, the role of analytical work is being drastically increased. Moreover, without thorough analysis it is impossible to monitor the rapidly changing economic situation, including employment, under the conditions of radical restructuring of the economy. For example, nearly 1 million workers were released from basic production sectors in the first half of 1988 alone. At the same time, the number employed in the nonproduction sphere increased by nearly 600,000. In this connection, it seems expedient to expand the system of annual manpower resource balances as well by supplementing it with a balance as of 1 January and 1 July each year.

#### Footnotes

1. See PLANOVOYE KHOZYAYSTVO No 1, 1988, p 90.
2. See KOMMUNIST No 12, 1987, p 45.

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#### AUCCTU Chairman Interviewed on Role of Strikes

18280021 Moscow *VECHERNYAYA MOSKVA* in Russian 13 Oct 88 p 3

[Interview of S. A. Shalayev, chairman, All-Union Central Soviet of Trade Unions by Yu. Katsnelson: "Trade Unions and the Right to Strike"]

[Text] [Katsnelson] A number of Scandinavian newspapers have recently published reports citing you about the "changing attitude toward strikes in the USSR." And the Finnish KANSAN UUTISET is stating directly that "the right to strike will be introduced in the Soviet Union." Is all of this in fact true? My discussion with Stepan Alekseyevich Shalayev, AUCCTU chairman, began with this question.

[Shalayev] I in fact spoke in Murmansk and Saariselke (Finland) with Finnish journalists during the scheduled Soviet-Finland trade union meeting. Information about this got on the pages of the press, and each newspaper depicted it in its own way. And although my talk with them covered a very broad range of questions associated with the restructuring underway in the USSR, and the question about the attitude toward strikes was only one of many, it was namely that question that turned out to be at the center of attention of the press, and was put in the headlines. I think that it makes sense to comment on this, especially because far from everything that I stated was interpreted correctly.

It is necessary to begin with the fact that Soviet legislation, not previously and not now has ever banned strikes. Very recently several strikes occurred in the country, caused by labor conflicts of individual groups of workers in various enterprises with their administrations. These are rare instances, but they did occur.

[Katsnelson] What was the attitude of the trade unions toward them?

[Shalayev] In the first place, we do not consider strikes to be a normal phenomenon, despite the fact that, as I already stated, they are not prohibited by law. Under the conditions of the socialist system, when enterprises belong to the state and all the people, such a form of "elucidation of attitudes" as a strike causes economic damage not to private capital, but to the entire society, including the collective that resorts to such a form of protest. This is especially true now, when enterprises

have transitioned or are shifting to economic accountability and self-financing, and losses from a stoppage of work burden the entire labor collective.

As an example, I cited for the Finnish journalists a case when, in Kishinev, city bus drivers unexpectedly refused to go to work, demanding that their wages be increased to 500 rubles per month (they are now 340 rubles, and thus are 1.6 times higher than the nationwide average—Yu. K.). The people who came to the bus stops in the morning could not understand anything. They had to hurry, not only to factories or offices, but also to hospitals, the train station, or the airport, and there were no buses. And the drivers struck without having notified their trade union committee, and without taking into consideration that for this year 1988 a labor agreement approved by the **entire** collective is in effect, in which wage conditions were stipulated. I note that the administration did not violate them.

I could name several more such conflicts. AUCCTU and our trade unions oppose such spontaneous strikes. We believe that it is necessary to develop a state legal procedure that would define precisely under what violations of labor agreements, and following what preliminary examination of them, it is possible to resort to a work stoppage. In a legal state, there must also be, in my view, legal regulation of such conflicts.

[Katsnelson] **In other words, you are talking about the development of legislative documents, are you not?**

[Shalayev] Yes, precisely. It would be possible, say, in legislation about labor conflicts, to have a provision on the examination, not only of disputes of the workers with the administration, but also of appropriate procedures for resolving collective labor disputes. That is, those that may give rise to a strike. We are in no way reinventing the wheel here. You see, definite procedures in this area exist, not only in capitalist countries, but also in a number of socialist countries, say Poland or Yugoslavia. The main thing in such a procedure, in our view, is to show that it is possible to resort to a strike only when all other means in the hands of the administration and trade unions for a "peaceful" resolution of the dispute have been completely exhausted. This is the essence.

[Katsnelson] **You refer to means. Do the trade unions have such levers, and how effective are they?**

[Shalayev] Commissions on labor disputes exist in our enterprises, where trade union committees and the administration are represented equally. If the decision of the commission does not suit a worker, he transfers the dispute for examination by the trade union committee, whose decision in such cases is **mandatory** for the administration. The effectiveness of such a procedure for protecting the rights and interests of the workers by the trade unions can best be indicated by figures. Last year commissions and trade union committees examined

504,796 labor disputes, and in 496,302 of them (i.e., more than 98 percent of the cases) the decisions were made in favor of the workers.

[Katsnelson] **This is not the only lever?"**

[Shalayev] Of course not. The right of our trade union organs to express mistrust toward an administrator of any rank, when they believe that he is ignoring a demand of the trade union organization and the interests of the labor collective, is a very important and strong means of protecting the interests of the workers. This right also includes the areas of wages and working conditions, i.e., those very questions that, practice shows, may lead to a spontaneous flareup of emotions. In this case such managers are removed from their positions.

[Katsnelson] **And how actively do the trade unions make use of this right?**

[Shalayev] In 1987, at the demand of trade unions, 10,500 administration representatives were relieved of their duties. There is also one more important opportunity for preventing conflicts. This is the right of the labor collectives and recently created organs of worker self management themselves to examine any labor disputes and make decisions on them, again mandatory for the administration.

In short, Soviet trade unions and the labor collectives themselves have no small number of means in their arsenal to prevent the possibility of an uncontrolled labor conflict in production from arising. And the new law on the rights of trade unions that is being developed with our participation will, we believe, make them still greater. The trade unions see the more effective use of their rights as their main task in protecting the interests of the workers. And they intend to do everything to see that this protective mechanism gives the fewest possible number of interruptions.

#### **AUCCTU Chief Views Union's Role In Farm Sector**

*18280030a Moscow TRUD in Russian 18 Nov 88 pp 1-2*

[Article by S.A. Shalayev, chairman of AUCCTU: "Return the Owner To the Land"]

[Text] A meeting held in Orel over a period of two days has become an important event in the life of our country. Questions concerned with the present stage of perestroika and particularly party-political support for carrying out the decisions handed down during the 19th All-Union Party Conference on improving the population's food supply were discussed during this meeting. The meeting was preceded by a number of meetings, during which the party's leadership consulted with scientists, specialists and representatives of labor collectives on these most urgent questions. The meeting served as a stage in the

preparations for the February Plenum of the party's central committee, which will define the tasks for the modern agrarian policy of the CPSU.

The editorial board requested the chairman of the AUCCTU S.A. Shalayev, who participated in the work of the meeting, to share his impressions of the trip carried out to farms in Orel Oblast and to discuss the tasks of the trade union organizations, tasks which resulted from the statutes advanced during the meeting on reorganization of the agrarian sector and a solution for the food problem.

Familiarity with the operational experience of labor collectives in Orel Oblast and interesting meetings and discussions with the leaders of kolkhozes, sovkhozes, social organizations, collectives which operate on the basis of lease contracts and municipal and rural residents have made it possible to obtain a clear idea as to the progress that can be realized in improving the food supply for people. As emphasized by Mikhail Sergeyevich Gorbachev in his speech delivered during this meeting, this movement in Orel Oblast has become truly national in scope. Here, as a result of a concentration of material and financial resources, the efforts of builders and increased attention by the party, soviet, economic and trade union organs to the urgent problems of the rural areas, success was rapidly achieved in solving the task of kolkhoz and sovkhoz backwardness and unprofitability. All of this is being reflected on the counters. During these two days, I visited several food stores and all of the customers I spoke with mentioned that supply had improved within the oblast and that various types of dairy products, cheeses, peasant butter, pork and poultry meat are freely being sold now at state prices and beef and mutton—at cooperative prices.

The experience of workers in Orel Oblast in solving the food problem has received the support of those who participated in the meeting. Naturally, the trade unions must examine this situation again and again in order to see how they can join more actively in this purposeful transformation of the rural areas.

It bears mentioning that in light of the party's requirements we examined the specific tasks of the trade union organizations concerned with their participation in solving the food problem during the last two plenums of the AUCCTU and also during plenums of many central committees and trade union councils. In the process, a great amount of attention was devoted to converting over to the new economic methods of management, to the introduction of contractual forms for organizing and stimulating labor and lease relationships, to improving the working and living conditions of rural workers, to solving completely the problems concerned with the social development of rural areas and also to increasing the contribution towards augmenting the food resources by the subsidiary farms of enterprises and organizations, collective horticulture and gardening.

I recall how this past summer the AUCCTU gathered together in Orel Oblast all of the leaders of oblast trade union councils in the nonchernozem zone of the RSFSR and of the trade union central committees. We had an opportunity to become acquainted in detail with the great organizational work being carried out here in connection with the introduction of lease contracts, wages based upon gross income, the social reconstruction of rural areas, improving the economies of unprofitable kolkhozes and sovkhozes and the complete rebuilding of neglected and depopulated villages and towns.

Certainly, use can be made of different methods and approaches for further accelerating the development of agricultural production. However, we are firmly convinced that the means being employed in Orel Oblast are producing the quickest return. Thus, only 5 months have passed since the business-like meeting and the oblast has made progress along the path leading to an expansion in and strengthening of lease relationships and further reconstruction of the rural areas. How the people have grown! Those leaseholders who spoke out discussed their work with great belief in it and in a very convincing and well reasoned manner. Let us take Vladimir Rays of the Kolkhoz imeni KPSS in Uritskiy Rayon: I held a discussion with him this summer on a farm and hearing him speak today during the meeting I could only take comfort from the fact that he is now firmly established in Orel Oblast.

[Question] Stepan Alekseyevich, during the meeting emphasis was placed upon the fact that at the present time an increase in the production of food products is mainly dependent upon a radical restructuring of economic relationships in the rural areas. What role can be played by the trade unions in this process?

[Shalayev] A priority task today for each trade union committee today in the rural areas is that of active inclusion in the work of converting the production subunits of farms over to lease relationships. At the present time, I believe it would be correct for the trade union committees and workers attached to the agro-industrial complex in each republic, kray and oblast to define a specific program of practical actions in this regard. It is assumed that the experience accumulated by the workers in Orel Oblast is available to all. Today they already have more than 4,000 lease collectives. And you can see for yourself what results can be achieved.

This is not the first time that the family of Nikolay Vasilyevich Mutsanov of the Kolkhoz imeni XX Partyzd in Uritskiy Rayon has been used as an example. For them it has been a matter of honor. They undertook, the three of them, to fatten their hogs and to sell 60 tons of pork to the kolkhoz this year. At the present time, these remarkable workers have already over-fulfilled their contractual obligation. One third of the meat obtained by the kolkhoz and from the private plots has been credited to them—and they have resolved to sell 20 more tons prior to the end of the year. Moreover, the production cost per quintal of pork for the leaseholders



amounted to approximately 100 rubles, considerably lower than the average figure for kolkhozes. Thus, if our trade union committees had displayed initiative and from the beginning had each organized, jointly with the farm leaders, just one such family complex, it would have been possible to obtain approximately 4 million additional tons of inexpensive meat throughout the country. This then represents an immediate reserve for solving the meat problem. A speech was delivered on this subject during the 3d Plenum of the AUCCTU. And this is not the only reserve. The experience accumulated by the workers in Orel Oblast serves as proof of this fact.

The rural economy is being reorganized here in a thorough and bold manner. It will also undoubtedly be useful for everyone, including trade union workers, to study and adopt all worthwhile developments. The wages of farm leaders and specialists should be based upon the gross income. The effectiveness of this measure was proven long ago. But this experience is being employed only weakly throughout the country as a whole. In Orel Oblast, success was achieved in introducing this system into operations on all farms. I held a discussion on this subject with the leading economists of the oblast's agro-industrial committee. They cited a well known fact: with the conversion of specialists over to the new wage system, the income at kolkhozes and sovkhoses is increasing by a minimum of 10-15 percent.

It is my firm conviction that in order to stimulate the initiative and interest of leading rural leaders and specialists and raise their responsibility for the final results, we must, commencing with the new year, convert over more boldly on all farms throughout the country to paying their wages based upon gross income.

The AUCCTU is orienting the trade union organs in the various areas towards making use of these reserves. It is my opinion that they should ideally discuss, jointly with the agro-industrial committees and during the winter period, how best to accelerate the conversion over to the new economic relationships and perhaps, commencing with the new year, they may introduce the modern economic mechanism into operations on the same extensive scale as was done in Orel Oblast. The direct experience of the workers in Orel Oblast in restructuring the rural areas and the active role played by the oblast's trade union organizations in this work were noted during the 3d Plenum of the AUCCTU, which convened this past summer. The conclusion must be clear to each trade union council and committee—they must become active advocates of the new economic methods. Indeed, the question of labor organization and wages and also the selection of effective forms for carrying out this work are key problems for the trade unions.

[Question] The experience accumulated by the workers in Orel Oblast reveals the importance being attached to restructuring the rural areas simultaneously with converting over to the new economic relationships. What contribution can be made by the trade unions towards the development of the social sphere in the rural areas?

[Shalayev] We must all turn once again to the countryside. Regardless of how worn out this expression is, its importance continues to remain vital. Indeed, much is being said, including by us trade union workers, regarding the importance of the human factor and yet by no means are these words always being reinforced by actions. As a result, people are continuing to depart the rural areas because of poor working, living and domestic conditions.

A one-time study conducted by USSR Goskomstat [State Committee on Statistics] on the degree to which the rural population is being supported by enterprises and institutions of the socio-cultural sphere has shown that in almost one fourth of the populated points studied, representing a population in excess of 2 million individuals, there is not one enterprise or institution of the socio-cultural sphere. Thirty-one percent of the towns and villages do not have trade shops and approximately one half lack public health and cultural institutions and film projectors.

This is why it makes good sense to follow the path taken in Orel Oblast. The "Program 100"—named for the number of farms which must be raised from a backward status—developed here literally calls for the rebirth of neglected villages. In addition to the collectives of agropromstroy, many other construction subunits have joined in the implementation of this program, a great amount of patronage assistance in rural construction is being furnished by industrial enterprises and trade union committees at all levels and especially the oblast council of trade unions and the oblast committee of the trade union for workers attached to the agro-industrial complex are actively participating in the organization of this work. Since the start of "Program 100," 48 settlements have been built, with the method of national construction being employed for 30 of them. Eighty such settlements are in an equal stage of readiness. More than 13,000 migrants have come to Orel Oblast from other regions of the country, mainly individuals who earlier had abandoned their native areas.

This then is what it means to combine and concentrate efforts. And such a need exists in practically all regions and particularly in the nonchernozem zone of the RSFSR. Taking its status into consideration, the AUCCTU handed down a decision calling for the allocation of funds for financing the construction and modernization of installations of a socio-cultural or athletic nature in regions of this zone, over the next 4 years and in the amount of 180 million rubles, including Orel Oblast—19.5 million rubles, Kalinin Oblast—18.1, Kirov Oblast—15.5, Smolensk—14.4 and the Chuvash ASSR—15.2 million rubles.

Earlier the 18th Congress of USSR Trade Unions handed down a decision calling for the allocation of 1 billion rubles worth of trade union funds for the construction, prior to 1996, and the modernization of clubs and athletic installations in regions of the European

North, Siberia and the Far East. A considerable portion of the mentioned funds will be used for satisfying the requirements for social development of rural areas. For example, of the 12,800,000 rubles allocated for the past 2 years, the Novosibirsk oblsoprof [oblast council of trade unions] used only 11,150,000 rubles for the rural areas. Similarly, the Omsk oblsoprof used approximately 90 percent of the trade union money allocated for this special purpose.

In addition, according to an estimate of the centralized fund for social insurance for kolkhoz members, 519 million rubles are being spent annually for various social needs. Of this amount, 194.5 million rubles are being used for organizing sanatorium and health resort treatment and recreation for kolkhoz members and their children and 100 million rubles—for the construction and modernization of inter-kolkhoz health centers and young pioneer camps, which are maintained on the balance of associations of inter-kolkhoz health centers and kolkhoz and inter-kolkhoz boarding houses for elderly persons and invalids. And still another 120 million rubles—for intra-farm roads and installations of a cultural-domestic nature.

[Question] But since very little money is being distributed, is not great importance attached to how it is used?

[Shalayev] Beyond any doubt. And here I would like once again to return to the example of the workers in Orel Oblast. The 3.9 million rubles allocated for 1988 to the Orel Oblsoprof by a decree of the AUCCTU are not being scattered or absorbed within the overall mass of current needs but rather are being used for specific purposes. Roughly 1,631,000 rubles of this amount will be spent for the construction of 12 gymnasiums and stadiums in rural regions, approximately one and a half million rubles will be invested in the erection of 19 clubs and roughly one half million rubles will be spent for the construction of sanatorium-dispensaries and for acquiring the equipment needed for such facilities.

And in all of the remaining regions the trade union councils and committees must also make prudent use of their potential and, specifically, they must furnish real assistance in improving the rural areas and not just in word only.

[Question] Considerable reserves for improving the food supply are to be found not only directly in the public production of kolkhozes and sovkhoses but also on the private plots of rural residents and the subsidiary farms of industrial enterprises. How can more complete use be made of these sources?

[Shalayev] Genuine concern must be displayed for the private plots. On all farms in Orel Oblast, it is recommended that the peasants acquire heifers on the installment plan and be provided with assistance in the form of feed. And the rural residents settle their accounts with the kolkhozes and sovkhoses either by providing them

with a portion of the milk obtained or by delivering up their calves. This is very important for the new arrivals. They acquire livestock immediately and the tables in their homes will not be bare. And thus the recent city-dwellers will begin more rapidly to sense that they are peasants.

Unfortunately, this is not being done in all areas. The leaders of the trade union committees must ensure that the economic executive leaders display business-like concern for their personnel and view them as masters of the land and not simply as hired workers.

It can be stated that the further development of the subsidiary farms of enterprises, organizations and institutions constitutes a large social reserve, since it serves to augment the food resources directly in the various areas. Certain results have been achieved in this area in recent years. At the beginning of 1988, there were 21,866 subsidiary farms in the country, or 4,800 more than at the beginning of 1985. Last year the subsidiary farms produced 694,000 tons of milk and sold 432,600 tons of meat, or more than 3 years ago by 30 and 39 percent respectively.

This represents a fine increase to the tables of workers and thus the trade union committees of all enterprises and organizations must devote greater attention to the development of subsidiary enterprises, based upon the example set in Orel and some other oblasts and convert them over to lease contracts in a more bold manner. Use should also be made of the experience accumulated by workers in Minsk Oblast and the Gusevskiy Sovkhoz in Vladimir Oblast in expanding the practice of integration and cooperation of municipal enterprises and organizations with low profitability kolkhozes and sovkhoses, for the purpose of improving their economies and the use on a contractual basis of the additional output obtained in order to improve the supply of food goods for manual and office workers. And certainly, more subsidiary farms should be created based upon cooperation in the use of the forces and resources of several enterprises and organizations. Collective horticulture and gardening, which are undergoing mass development as a result of measures undertaken by the party, state and trade unions, serve as a fine aid for supplementing the food resources.

Generally speaking, as emphasized during the meeting, this important work of improving the Food Program should be carried out in a more purposeful and confident manner, while making extensive use of the new methods and utilizing the leading experience accumulated in Orel and other oblasts. Each trade union organization must find its own place in this movement and serve as a motive force for accelerating it. Each sovprof [trade union council], in the months preceding the February Plenum of the CC CPSU, must analyze thoroughly its own status of affairs in the agrarian sector and uncover the opportunities for further improving it, with use being made of all available workers. In addition and together with the party and soviet organs, it must consistently and

efficiently realize and carry out the tasks aimed at rapidly improving the food supply for the population, as defined during the 19th All-Union CPSU Conference.

**Rutgayzer Interviews Lease Brigade Economist**  
*18280022 Moscow TRUD in Russian 26 Oct 88 p 2*

[Interview by V. M. Rutgayzer of Z. Ya. Malkina:  
"Leasing: Difficulties of Growth"]

[Text] The lease contract, which is destroying obsolete economic stereotypes and dogmas, has begun to make its way actively in various branches of the economy. Initial experience shows the high effectiveness of leasing. The all-union center for the study of public opinion conducted a survey to ascertain the attitude of the population toward this new form of economic endeavor. During the investigative process, besides conducting surveys, so called in-depth interviews are being carried out. Today we are publishing a discussion between the author of the research, Professor V. M. Rutgayzer, doctor of economic sciences, and Z. Ya. Malkina, chief economist, Metalloplast Factory in Lobnya, directorate of local industry, Moscow Oblast Ispolkom.

**V. Rutgayzer:** How did you lease your enterprise? Were you forced to do so from above, or did the administration so decide? Or perhaps, did everything come from the initiative of the labor collective itself?

**Z. Malkina:** Both of the first two, and partially the third factor. We knew about the decision by the CPSU Moscow Obkom concerning the extension of lease economic relations in oblast enterprises. This decision required our main directorate to shift to leasing departmental enterprises. But, by this time, we had already heard much (we shifted to lease arrangements on 1 July 1988) about the successes of the Butovo Combine. We visited there. We understood that this path was also advantageous for us. But, of course, the main moving force in the transition to leasing was the factory administration. This does not mean that the labor collective soviet was bypassed. At its special session the administration put forth a plan for shifting to lease arrangements. This plan initially was received rather sluggishly: "Well, if we must we must. Let us shift over." So, the position of the labor collective itself was then passive.

**Rutgayzer:** What was the most difficult thing in shifting to lease arrangements? Coordinating the agreement with the departments, organizing the work in a new way, or purely psychological aspects?

**Malkina:** The most difficult thing, I believe, is the psychological unpreparedness of our workers, and especially management personnel, for working under lease conditions. Previously we frequently said that we lacked freedom. But, here we received it, and what? It turned out that it was more comfortable for us to operate according to instructions; in them each step of ours was stipulated and anticipated in advance.

Leasing changed much, but not everything of course! It is necessary to think, calculate, propose and decide. And as we propose and decide it is always necessary to look round and ask ourselves: Will we suddenly be short of money? We began to think in economic terms. But, far from everyone was prepared for this. And many had forgotten how to think entirely. It was necessary to learn all over again.

Psychologically, leasing is very difficult. It is for people who are enterprising and risk-taking. There are presently very few of them in economic management. In the past other workers were required, and they were brought up.

And also in the psychological area, there are few who believe that they are planning to introduce leasing for long. They say: What happened with the NEP [New Economic Policy—1921-1936]? V. I. Lenin remarked that it was being introduced "seriously and for a long time." And after eight or nine years it was simply destroyed. Or a recent example concerns taxes for cooperatives. Three times in a little more than a year the taxation conditions were changed. So where is the guarantee that some experts will not appear and "prove" that leasing leads to private enterprise? There are still no such guarantees. A law on leasing is needed.

And then it is necessary for specific people to stand behind any changes in economic legislation. So that we know through whose initiative one or another change is made, and who specifically stands behind them.

**Rutgayzer:** Can it be said that now, under leasing conditions, you have achieved full economic independence?

**Malkina:** Of course, now we have more independence than before. But, I cannot talk about full economic independence. Before we were bound hand and foot. Now our hands have been untied. But our feet are still bound, just the same. What is lacking? Wholesale trade in the means of production. If everything or almost everything is "rationed," the main directorate retains tremendous influence on us. We ourselves are still not able to choose our own partners or suppliers. In short, leasing has brought to light its organic incompatibility with the existing supply procedure. And I think that one of the most serious obstacles in the path of developing leasing economic relations will be exactly this archaic system of material and technical supply. It is necessary to bring it into accord with leasing as quickly as possible.

And the second thing is instructions. Although they are old, they are in effect. And if they wish to "catch" us in something, they will always find an instruction in which something is prohibited. With respect to leasing enterprises, it would be worthwhile to abolish any and all instructions, simultaneously having prepared a short (interim, while there is no law) regulation that regulates their economic activity. And in this regulation it is



necessary, in contrast to all former instructions, to "register" thoroughly only that which is prohibited to leasing enterprises. And what is permitted? Everything that is not prohibited.

**Rutgayzer:** You are working in a new way, under leasing conditions. And have those who manage you changed in at least some way?

**Malkina:** I have not noticed such changes. As before, the higher-ups demand gross output. The procedure for coordinating plans, including by assortment, is the same as before. By the way, here is what has changed. They have stopped demanding additional transfers from income into the fund of the Directorate of Local Industry.

However, other "weights" still affect us. I have in mind Goszakaz [State Orders]. Currently, 100 percent of our consumer goods output is seized by State Orders. I cannot figure out why this is being done!

**Rutgayzer:** For how many years have you taken your enterprise on lease?

**Malkina:** For two and a half years, i.e., until the end of the current five-year plan. And when we know the prospects for the next, 13th, Five-Year Plan, we will conclude an agreement for another five years, until 1995.

**Rutgayzer:** Does this mean that you anticipate that the agreement term should be a multiple of a five-year period—five, ten, fifteen years?

**Malkina:** Yes.

**Rutgayzer:** But, five years is an artificial period that we ourselves thought up. And a lease could be "tied" to other periods, say to that of fixed capital replacement. It can also be five years, but that is in no way mandatory. What is your attitude toward the idea of tying the lease term to these real processes?

**Malkina:** Then we should look at the five-year plan in a different way. Now control figures, and State Orders as well, give us estimates on how we are to develop our own enterprise. If the lease term extends beyond five years, say, to seven and a half years, up to 1995, then for us everything, or almost everything, would already be predetermined in our own plans. It turns out that the five-year plan, which is imposed from above, must borrow information from us, and not we from it... I think that leasing must change the planning procedure itself. By what then will our activity be regulated? By demand for production.

**Rutgayzer:** What payments from income does your enterprise pay according to the lease agreement?

**Malkina:** First, turnover tax for consumer goods produced. The amount of tax fluctuates: it depends on the output of goods. Second, payments into the budget. Here

absolutely firm payment amounts have been established. Third, from income we make a payment to the higher economic organization, the Directorate of Local Industry. This is also an absolute amount. Fourth, we also pay out a payment for capital. This payment varies.

**Rutgayzer:** And a payment for labor reserves?

**Malkina:** No, we do not pay it. Many invalids work here. Therefore, the factory is excused from payment for labor resources.

**Rutgayzer:** You have four channels of payments from income. Others even have five. Do you consider such a diversity of forms of deductions from income to be justified?

**Malkina:** I believe that the turnover tax for consumer goods produced should in any case be retained. Although, frankly speaking, I do not understand why it is namely we, the producers of the goods, who should pay this tax, and not those who ultimately sell them.

As for the other types of payments, they should be combined into a single lease payment. And we could transfer it into the local budget, and that account itself could be settled with the Directorate of Local Industry and state budget. So, there should be a single-channel system of deductions from income.

**Rutgayzer:** How do you assess the role of State Orders?

**Malkina:** It is not business when State Orders encompasses all of the economic activity of an enterprise. It is all the more harmful for a lease enterprise. It must have the ability to maneuver.

Well, for example. We produce various decorations. Let us say that we intend to produce a decoration in the form of a cat. And in the end, well, the artists so decided, and we got a rabbit. In the directorate they say: "You botched the job." "What," we exclaim. "Here is the rabbit. It turned out better than the cat." "No," they answer, "it is a different product list, the job was for a cat."

I don't think that anyone needs such trivial tutelage.

**Rutgayzer:** But, what then are the managers to do?

**Malkina:** Actually, the shift to leasing narrows the sphere of their activity. We don't even need them in the form in which they manage us now.

But the requirement for leadership from above should probably be preserved in the area of scientific and technical progress. We receive a mass of diverse recommendations about scientific and technical achievements in all branches of the economy. And I do not want to say that this is in general bad information. But, it is frequently of no use. Why? We do not know how to apply it. If, instead of our Directorate of Local Industry, an economic accountability firm on the introduction of

scientific and technical achievements were created, and we ordered from it not only information, but also specific plans... we are prepared to pay for this, even more than we now transfer to the management account from our income.

**Rutgayzer:** Are you independent in deciding questions of wages?

**Malkina:** The tariff system limits freedom of economic actions, organization and wages. I think that under leasing conditions it is not necessary as a method of regulating wages. The labor collective soviet should make the decision. It is necessary to simplify as much as possible control over the intra-factory distribution of the wage fund.

USSR Goskomtrud [State Committee for Labor and Social Problems] needs to restructure its work. It would be worthwhile to create economic accountability centers based on it, which, say, at our request, would evaluate the distinctions in the level of skill of our workers, and prepare sensible proposals about how we, taking specifics into account, should distribute the wage fund. Needless to say, we would pay money for all this.

And what do we now have from USSR Goskomtrud? Instructions on how to distribute that which we ourselves earn. But, that which we have earned we will also distribute intelligently ourselves. Why do we need all these instructions?

**Rutgayzer:** Do you believe that a lease enterprise should also have great freedom in deciding social questions?

**Malkina:** Here we are accustomed to awaiting instructions from the state, although we can also do much ourselves. Say, to abolish the "black Saturdays" by reducing the work week from 41 hours to 40 hours could be done, of course, without harm to the production program.

We wish to pay off ourselves the taxes from the wages of workers with many children. According to the example of the Butovo Combine, we intend to pay the apartment payment and utilities for each worker from our own factory funds. Is there really little that can be done without awaiting instructions from above, if we ourselves will engage in social policy at the enterprise level? Everything here is painfully regulated from above.

**Rutgayzer:** A question about reporting. They say that it needs to be curtailed. What do you think about this?

**Malkina:** When we shifted to leasing, we confronted the fact that the greater part of the information demanded of us we ourselves simply do not require. It is all the more unnecessary for the administrators. But, all the same they demand it from us, just like before. Why? They demand explanations from us when they compile plan and report figures. All the time, therefore, they hold us

"on the hook." They imitate managing us. And we do not need this. I think that all the information going up from a lease enterprise should amount to a report on fulfillment of financial obligations and state orders. Everything else is the internal affair of the enterprise. Reports can be reduced at least three or four times over.

**Rutgayzer:** By what does leasing "entice" the workers of your factory? By wages, the possibility of improving living conditions, or other social benefits?

**Malkina:** All of this is important, but the main thing, of course, is wages. If, with the transition to leasing, its marked increase is provided, and then it grows steadily, the success of leasing is ensured. This is also advantageous to the entire economy, for wages are directly associated with the end results of work.

**Rutgayzer:** But, many say that wage increases must be limited to a definite correlation with increased labor productivity. Otherwise, they assert, the enterprise will "eat" the income from economic accountability. A large part of it will go for wages. Do you believe that a ratio between increased wages and labor productivity should be established even for a lease enterprise?

**Malkina:** Yes, I believe that even for a lease enterprise such a ratio is necessary. We simply have not yet learned how to manage so as to make today's benefits commensurate with future prospects. The danger of "eating" the income from economic accountability is very high for lease enterprises. That is why even for them a norm for the ratio between the increase in the average wage and increase in labor productivity is needed.

#### **Goskomtrud Official Interviewed On Pension Reforms**

18280035 Moscow *EKONOMICHESKAYA GAZETA* in Russian No 49, Dec 88 pp 16-17

[*EKONOMICHESKAYA GAZETA* correspondent Viktor Denisov interviews M.M. Kravchenko, deputy chairman of the USSR Goskomtrud: "Reforming The Pension System: The Future As We See It"; first two paragraphs are introduction]

[Text] Over a thousand readers accepted our invitation to participate in a discussion with an expert in the field, Mariya Matveyevna Kravchenko, deputy chairman of the USSR Goskomtrud. But when they wrote or called "Kontakt," they went beyond merely asking questions about reforming the pension system. They also offered to help the planners and become personally involved in drafting the new pension law. At the same time, many of them stressed that the reform of the pension system would be costly, and that the necessary funds would be available only if the economy performed well. This, in turn, means that every work unit—and in the final analysis every worker—must perform as well.

In this issue we are printing Kravchenko's interview with our correspondent Viktor Denisov, who asked the questions we received from our readers.

[Denisov] Mariya Matveyevna, I would like to start by showing you letters written by Yu. Yablochkin of Moscow, V. Karabinenko and L. Volovich of Kishinev, and others who are concerned about how long it has taken to draft the new pension law. They cite various sources, including newspapers, that promised a new law by the middle of this year, and would like to know when the law will be ready for public discussion.

[Kravchenko] I don't think I need to tell you that our prospective reform of the pension system is a critical and complex matter. Indeed, it affects not only the 58 million people receiving pensions, but everyone in the country. There is also no need for me to underscore that we do not need a poorly constituted law. So I think you will agree that haste—no matter how we justify it—would not be in our best interests here.

I would also like to make it clear that for the time being all we have is an outline of the new law. The reason for this is that preliminary indications show that reforming the pension system will require massive amounts of funding. As you can imagine, finding it will not be easy. I will not speculate on how much time will be needed for solving the many problems, but I would like to say that

the need to solve them makes what I say today subject to change; that is, many of the points we have put in the new law are still subject to change.

In drafting the new law, we have tried to take into consideration the desires and suggestions of working people. To this end, we have solicited the assistance of experts from various areas of academia, heads of ministries and departments, and leaders of labor unions and other public organizations. We have also looked at what the capitalist and the other socialist countries have done.

Over 200 work units in all the republics have been involved in discussing the main parts of the new law. A short list of them includes: the "ZIL" Production Association in Moscow; the Leningrad Admiralty'skoye Association; the Nevskiy Machine Building Plant; the Noril'skiy Mining and Metallurgy Complex; the Lvovskoye Shoe Association; the Balashikhinskiy Foundry and Machinery Plant (Moscow oblast); the Pezenskiy Calculator Plant; The Clothing Association imeni Klementi (Estonian SSR); the Kaluzhskiy Turbine Plant; the "Poli-vinilatsetat" Manufacturing Association in Yerevan; and many others. By visiting these and other facilities, we have been able to get workers throughout the country involved in planning the main elements of the new law.

We are presently finishing our review of the proposals that have been made. When we are done with that, we will set the date on which the law will be made available for discussion. Our plan is to have the new law take effect in the 13th Five-Year Plan.

#### USSR Goskomstat Information

Number of Persons Receiving Social Security Pensions and Benefits  
(Figures are for thousands of persons at end of year)

	1975	1980	1985	1986	1987
Total receiving pensions	45,232	50,198	55,728	56,780	57,740
—Number of persons receiving pensions per 1,000 citizens	177	189	200	202	203
Total receiving pensions for:					
—old age	29,395	34,007	39,333	40,501	41,795
—disability	6,460	6,394	6,363	6,422	6,442
—loss of provider	6,989	7,224	7,169	6,934	6,436
Number of persons receiving benefits through the Kolkhoz Members Pensions and Benefits Law (KMPBL)	11,856	11,135	10,073	9,982	10,070
Breakdown of kolkhoz workers receiving benefits including:					
—old age	10,339	9,769	8,926	8,873	9,001
—disability	820	736	645	639	630
—loss of kolkhoz-family provider	697	630	502	470	439

[Denisov] The bulk of the letters sent to the editors ask what fundamental changes are planned for the new law, and how it will differ from the old one. We know that our country's retirement age for both men and women is rather low. Is this going to change? How will entitlements be calculated? What salary and time period will they be based on? And will uninterrupted employment at a single enterprise affect the size of entitlement?

[Kravchenko] We feel it is only fair for the new pension system to cover everyone without exception who cannot work. In other words, there should not be anyone without the right to benefits. These benefits can be divided into two categories: job-related and social. The first are earned by those who work in the public sector, for kolkhozes or cooperatives, or military personnel. The



second go to those who, for whatever reason, have no employment record.

In our opinion, retirement age can stay the same: 60 for men and 55 for women. We are planning to leave the minimum employment requirement the same as well: 25 years for men and 20 for women. But we also agree with our readers who say we need to tie the size of entitlement to the extent of the contribution made by the individual; that is, we need to increase benefits for people who work harder and do a better job.

Many of the people who wrote letters came independently to the conclusion that it would be more fair if we stopped using a single year's salary as the baseline for setting entitlement rates, and instead used any five of the last ten years of employment. We also think this is a more objective way to assess an individual's contribution on the job. A lot of the workers we talked to felt the current system was unfair, since the last year before retirement is the least indicative in this regard, and because it tends to treat good and poor workers exactly the same. All a goldbrick has to do to get the same entitlement as someone who put in a career of solid labor is buckle down in the last year before retirement.

Second, the planners have come up with a pro-rated entitlement standard that will be based on a percentage of wages and length of employment, with people who stay the longest at a single job benefiting the most.

Let me give you a hypothetical example of how it would work. Suppose we set the entitlement rate at 55 percent of salary for women with 20 years of employment and

men with 25. Then we add in a certain percent for every year of employment past the minimum 20 or 25. For a women with 37 years of employment, the entitlement would thus be 72 percent of pre-retirement salary. (In our example, the rate is 55 percent for 20 years of employment plus one percent per year for every year over the minimum.) In any event, the entitlement should never go over 75 percent of pre-retirement salary.

I think I am inclined to agree with those readers who say we should look at "net" employment (including work on kolkhozes), and disregard breaks in the overall record or at a single place of employment. The total you get in entitlement should be based on the total you earned in your career.

The people who disagree with this view try to frighten us with the specter of a high turnover rate and lack of incentive to remain employed by the same enterprise. We feel it is wrong to discourage an individual from changing jobs and, possibly, more fully realizing his potential, especially since the motivation to take a new job may stem from a major change in someone's life, such as moving or the illness of a relative. Even so, experience has shown that the main reason for manpower turnover is poor terms of employment. Management (which represents the bulk of our opponents) of course would prefer to just hang on to an individual by upping his entitlement. They feel this is easier than creating an environment in which he can do a good job or ensuring that he has the requisite extracurricular benefits available.

#### • USSR Goskomstat Information

Distribution of persons receiving pensions, by size of entitlement, in percent  
(Based on a selective sample study of 1 July 1987)

	Persons awarded pensions under the State Pension Law		Persons awarded pensions under the Kolkhoz Member Pensions and Benefits Law	
	Total receiving pensions	Receiving old age pension	Total receiving pension	Receiving old age pension
Total of persons receiving pension	100	100	100	100
Percentage receiving monthly entitlement in the amounts noted below:				
—up to 60 rubles	31.4	20.2	84.7	85.6
—60-80 rubles	19.0	21.3	8.2	7.2
—80-100 rubles	14.9	17.0	* 3.6	3.6
—100-120 rubles	11.3	13.1	1.6	1.8
—120 rubles and higher	23.4	28.4	1.7	1.8

[Denisov] Readers M. Dulkan of Moscow, L. Balodis of Riga, and many others would like to know what the floors and ceilings of entitlement will be. They would also like to ask if we will keep personal entitlement and, if so, how they will differ from standard ones.

[Kravchenko] First let's talk about the entitlement floors. Currently they are 40 rubles for kolkhoz workers

and 50 for everyone else. For those who have been receiving benefits for more than ten years, they are a little higher: 50 and 55 rubles respectively. Obviously, the fair thing to do is make the amounts equal for both categories. One proposal has been to do away with the fixed minimum old age entitlement, and replace it with one based on a percentage of the minimum wage for blue and white collar workers.

The issue of the entitlement ceiling is extremely complex, and has been the topic of considerable discussion. For most people receiving entitlement, the ceiling has not changed for over 30 years. The readers write (and the worker's commission shares their opinion) that the current laws governing benefits do not motivate workers and have adversely impacted the financial status of veterans. Average salaries are projected to increase to 220-230 rubles per year by 1991; it is important to ensure that entitlement keep pace with wages.

As I have mentioned, we are planning to match increases in minimum entitlement levels with increases in the ceiling, which will be based in average salary.

Many experts, including some of our own, have proposed that we discard the fixed ceiling and introduce a regressive scale for setting the entitlement for persons with relatively higher salaries. As an example, we would only count one-fourth or one-half of that portion of someone's salary that was over 400 rubles. This would keep the size of pensions from getting unfairly large. However, there are objections from people who feel pensions would get too high. We all know that there are professions where the pay is far higher than the national average. Fishing, mining, and so on are examples. But if we feel these salaries are based on difficult, useful work that society has assigned a certain fair value to, then there is no reason to say the people doing this work (providing they have been on the job long enough, and that more than one year is used to calculate the entitlement baseline) do not also deserve high pensions.

As for personal pensions, experience has shown that people who have performed a great service for the people or the country should get a larger entitlement. Of a total of 58 million people receiving pensions, only 550,000 are receiving personal pensions, and of these, only 49,000 were awarded at the national level. For the most part, the recipients are Heroes of Socialist Labor: workers, kolkhoz personnel, equipment operators, milk maids, and public officials. I would like to add that rumors of "fabulous" personal pensions are completely unfounded. The statistics will bear this out. Today's average standard pension is 83.7 rubles, while the personal pension at this level is 103 rubles. My feeling is that if someone has earned a personal pension, let him have it. It is one of the ways to motivate every gainfully employed individual.

#### USSR Goskomstat Information

Retirement age in some socialist and capitalist countries  
(in years)

	Men	Women
USSR, Bulgaria, Hungary, Vietnam, Cuba, Rumania, Czechoslovakia	60	55
DDR, Poland	65	60
US	65	65
Great Britain	65	60
France	60	60
FRG	65	65

[Denisov] P. Sholin of Leningrad (and a lot of EKONOMICHESKAYA GAZETA readers share his opinion) writes that: "The current pension law has set a ceiling of 300 rubles on the amount a pension recipient can earn, entitlement included. Does the state really benefit if I work at half speed, and instead of making 100 widgets make only 50? Do you think a ceiling makes sense; and do you think it should be raised?"

[Kravchenko] Can I answer with a question? Are our readers aware that there is no country in the world where people can earn money and collect a full pension at the same time? They get one or the other. Our planners have come up with many ways of dealing with this issue. One of them is based on the fact that during 1989 manufacturing and service enterprises and organizations will begin using the new management system. The planners feel it makes sense to give these enterprises and organizations complete authority in deciding how to compensate retirement-age individuals who are still needed on the job. This would be 100 percent consistent with the USSR State Enterprise (Association) Law. Using their own funds, the enterprises themselves could keep retirement-age personnel at work, either setting certain pay rates for them or paying both their retirement entitlement and a salary. In either case, the amounts of compensation would be decided by management in conjunction with the union and the work unit. In the course of our discussion of the new law, we will identify the most efficient and fair way of paying retirement to people who are still working, since the technique just mentioned is far from the only possible one.

We need to keep in mind that retirees have much better work opportunities within the individual labor activity and cooperatives frameworks. In both these instances, they can collect their retirement regardless of the income from these activities.

[Denisov] V. Yevdokina mirrored the views of many readers when she wrote: "The 'children of the war' are starting to retire. Everyone knows about how they went without food or sleep, and that some of them started work at the age of 10 or 12." Her question, Mariya Matveyevna, is this. If someone has worked the requisite number of years, can they take early retirement and start receiving their pension upon reaching retirement age? This is especially important for people over 50 whose health is poor and who, as the writer of the letter put it, "have enough time on the job for two people."

[Kravchenko] What she asks about is permitted under the current law. I see no real reason to change it.

[Denisov] The editors have received many letters from women concerned about maternity benefits. The spectrum of opinions is quite wide. S. Nikolayeva of Dushanbe, V. Filatova of Gorky, and others in their camp feel that every child following the firstborn should entitle the mother to a corresponding decrease in retire-

ment age. For example, a women with two children would be able to retire at 53 instead of 55. If she had three children, she could retire at 50. And so on. I. Lapteva of Saratov disagrees. "When they raise their children, mothers are also providing for their own future. But single women end up helping them out when the children get sick, even though they remain single into old age and have to work an extra five years. I think this is unfair."

How do you plan to deal with the pension concerns of both these women?

[Kravchenko] As you know, we have dropped the retirement age to 50 for women who have five or more children. We have received numerous proposals about how to pro-rate the pension rate for women with children. Some people support a system like the one Nikolayeva and Filatova mention. But others (and not just single women) have expressed doubts about the social fairness of this. The issue also gives rise to another question: can and should the pension law play a demographic role? Or should it stay out of the picture in this respect?

Naturally, the demographic issues have to be solved through implementation of programs that will provide support for families with children and ensure an environment in which women can both work and raise children. But to a certain extent the pension law can also help the country meet its need for optimizing population processes. This is how.

Some scholars and other experts feel that cutting women's retirement age in proportion to the number of their children is hardly the way to optimize these processes, since women benefit at an age when they are no longer burdened with rearing young children. Clearly another solution would be preferable. For example, it has been proposed that we add one or two years to the employment record for every child. In this way, we pay for the pension by making the period of employment longer. This system would work for the first, second, and third children in a family. Starting with the fifth, women would get the multiple-children retirement age, which is five years earlier.

[Denisov] A. Gabaydulina of Magnitogorsk writes: "I will be 55 in December of 1988. Would it make sense for me to keep working and wait for the new law to take effect?" In light of this statement, as well as similar ones in other letters, could you tell me whether entitlement will be recalculated for people who retire under the current law?

[Kravchenko] The people who are writing the new law feel it should treat everyone equally, regardless of whether they retired before or after it took effect. The plan is for entitlement to be reviewed and measured against the new criteria. For all intents and purposes, this will affect everyone getting a pension—over 58 million people. We are also planning to upgrade the system instituted in 1985, where pensions are increased a few years after being initially awarded. I think, however, that, as I have already said, everybody who has the desire and requisite good health to continue working (for however many years) should be able to add something from those years to the size of his pension.

USSR Goskumstat Information  
Median Monthly Pension (in rubles; at end of year)

	Under the State Pensions Law					Under the Kolkhoz Members Pensions and Benefits Law				
	1975	1980	1985	1986	1987	1975	1980	1985	1986	1987
Average monthly pension entitlement of persons on social security rolls	55.0	63.8	78.7	81.2	83.7	25.1	35.2	47.0	48.0	53.1
Breakdown of pension recipients:										
—old age	62.7	71.6	87.2	89.4	91.7	25.1	35.2	47.2	48.2	53.4
—job-related disability or occupational disease	49.7	52.7	57.6	58.8	59.7	27.8	34.6	40.6	41.7	45.3
—other disability	45.2	53.4	54.4	66.2	68.2	25.2	36.6	48.5	49.5	56.3
—loss of provider (families of blue- and white collar workers, and kolkhoz personnel)	35.9	39.1	46.3	47.3	48.0	25.1	31.3	38.7	39.1	41.1

[Denisov] A lot of our readers are asking if there are any plans to augment the entitlement of people living in the Far North and other parts of the country where premiums are added to salaries.

[Kravchenko] The reason this question has to be asked in the first place is that the current laws do not provide for

pro-rating a pension in accordance with the domicile of the person receiving it. For example, an entitlement that would be 120 rubles is the same in Murmansk oblast and Krasnodarsk kray. But it is obvious that living conditions in these two places are far from the same. Given the circumstances, I feel the readers you just mentioned are right in saying that people receiving pensions and living



in areas where cost of living allowances are added to salaries should have these same allowances applied to their pensions as long as they are living in these areas.

[Denisov] We have received dozens of letters that evoke not only feelings of compassion, but even of a certain guilt. I am speaking of cases involving disabled veterans of the Great Patriotic War. Here is a letter—randomly chosen—from T. Rudenko of Odessa. "From October 1942 until the end of the war I commanded a Red Army advanced party platoon. I fought my way from Stalin-grad to Konigsberg; I have combat decorations. In the wake of a reduction in force in 1955, I was transferred to the reserves, and ended up with a 54-ruble pension for 22 years of service. Now I am 66, and my pension is 94 rubles. But it is expensive to live; prices are rising..."

And comrade A. Lunkin of Chita feels the new law has to increase the entitlement of disabled Great Patriotic War veterans.

Mariya Matveyevna, what changes will the new law make to entitlement of the people in this category?

[Kravchenko] We are planning to put disabled Great Patriotic War veterans, as well as other individuals injured in the performance of their internationalist duty, in a separate category. There is no question but that the pension rate for them should be higher, as indeed it is now.

[Denisov] My last question, Mariya Matveyevna, is this. Our editors have given you hundreds of questions and suggestions from the participants in this "conversation." How helpful has the information in them been to you personally? What new ideas did you encounter, and what suggestions may be discussed and included in the new law by your team?

[Kravchenko] First, I would like to thank those readers of *EKONOMICHESKAYA GAZETA* who participated in this discussion by sending in letters detailing suggestions or expressing what they wanted to see in the reform of the pension system. We have already spoken about some of the letters. Readers' letters are a valuable resource for us, since they are the key to determining the major points of the new law. Of course, we expect that in the course of national-level discussion of the law, more proposals about changes to the law will be made, and their features will be more clearly defined. I think I am probably correct in saying that the foundation of the new pension system is democratic, and that interested parties in all strata of society have had a hand in shaping it.

## EDUCATION

### Status of Vocational Training in Armenia Described

18280053 [Editorial Report] Moscow SOTSIALISTICHESKAYA INDUSTRIYA in Russian on 18 January 1989 carries on page 6 under the heading "Hands of

Craftsmen: Training Young Workers Should Not Be Interrupted" a 500-word article by the newspaper's special correspondent in Yerevan, Yu. Kozlovskiy.

The report emphasizes the efforts made to provide continuous educational studies for young students at technical institutions in Armenia since the earthquake tragedy. Kozlovskiy points out that the director of the Sevanskiy Industrial-Technical Institute offered to admit 60 youths who would have dormitory provisions while attending classes. The article notes that "one-third of all vocational-technical schools in Armenia were destroyed. Spitak Rural Polytechnic School, the pride of the republic, was included in this tragic list." It also mentions that "in Kirovakan only one school remained intact. The boys say, 'Let's put stoves in our tents, and we'll live here. In the daytime we'll work, and at night we'll study.'"

Nonetheless, Kozlovskiy ends on a hopeful note when he states that the director of the Yerevan Urban Center for Professional Youth Orientation attended a meeting with the Armenian Education Ministry, at which time it was decided that because enterprises would be built in the reconstructed cities, equipped with the most modern technology, "it was necessary to think now about training young workers."

**New Staff To Head All-Union Education Council**  
18280044 Moscow UCHITELSKAYA GAZETA in Russian 29 Dec 88 p 1

[Unattributed article: "Organizational Office of All-Union Council on Public Education"]

[Text] Council Chairman—Vladimir Abramovich Karakovskiy, high school director, School No. 825 in Moscow.

Deputy Chairmen—Yuriy Aleksandrovich Ryzhov, rector of the International Institute of Agriculture in Moscow; Aleksandr Aleksandrovich Katolikov, director of the First Boarding School in the city of Syktyvkar.

Organizational Office members—Vera Ivanovna Rybakova, head of the Public Education Administration for the city of Yaroslavl; Rolan Antonovich Bykov, secretary of the Board of the Union of USSR Cinematographers.

### New Statute on Using VUZ Graduates in Economy Described

18290029 Moscow IZVESTIYA in Russian 23 Nov 88 p 3

[Interview with F.I. Peregudov, first deputy chairman, USSR State Education Committee: "Specialists Becoming More Costly"; date and place not specified]

[Text] The new "Statute on Assignment and Use of Higher and Specialized Educational Institution Graduates in the Economy" has been adopted. Our correspondent, M. Belaya, discusses the changes under way with Minister F.I. Peregudov, first deputy chairman of the USSR State Education Committee.

[Belaya] Every fourth worker in our country possesses a diploma, and every eighth one a higher education. With a larger number of specialist graduates, the quality of their training leaves something to be desired. Enterprises that are changing over to cost accounting are refusing to make agreements with certain VUZ's. Feliks Ivanovich, how does the state committee feel about this?

[Peregudov] Let us speak frankly. With the intense development the economy has undergone, the specialist has ceased to be an engine of scientific and technical progress. The country no longer suffers the acute need for specialists as in the past. Also, the new economic relations are more demanding of qualifications and creative return. In addition, the higher school is working at full capacity. Thus, the smaller number of requests enables us to shift the emphasis from quantity to quality. We discontinued the struggle to "save the contingent" two years ago, when we tightened intermediate knowledge control by eliminating the conditional transfer and permitting student dismissal from any course. As a result, the number of students discontinuing studies increased by a factor of 1.5, attaining 320,000 persons in the past school year.

A fundamentally new development in education—emphasis on independence, the individual approach, development of creative abilities—will start producing results only when the student-teacher ratio drops. The present figure is 11, and we want to reduce it to 8. VUZ's are experiencing an acute shortage of student laboratory space and dormitories. If the demand for students diminishes, we will improve the specialist education situation.

[Belaya] In 1987 there were four million specialists with degrees working at jobs that did not require their qualifications. How will the state order [goszakaz] (plan) be coordinated with the requirements of the specialist "market"?

[Peregudov] Each VUZ will coordinate the body of graduates with the state order and the agreements. Many ministries and departments involved in the material production area have already signed agreements. The state order will support new enterprises and specialties that look promising for the economy.

The more popular a VUZ, the larger the share of graduates covered by agreements, of course. What if a VUZ is not popular? This is a cause for serious concern on the part of the school officials and the instructors, a sign that its work must be restructured. We will help, of course, but under the present conditions of independence the VUZ's situation will be ever more dependent upon itself, for it will have an economic interest in use of its alumni.

[Belaya] However, there are VUZ's possessing a disappointingly poor physical base and a weak teaching staff that have sprung up on a shaky foundation. Will the state committee close them?

[Peregudov] They can and should be closed for submitting false records and committing abuses. Let a VUZ which is unable to cope be the cause of its own demise. At first we can lower the number of applicants accepted, then discontinue certain specialties, finally convert a once independent VUZ into an affiliate, as in the case of Baku and Przhewalsk. At one time the opening of a new VUZ was a matter of prestige for local authorities, who would often quickly forget that it exists. We now act more carefully, in that we at first open an affiliate, and, if the venture is successful, we proceed accordingly.

[Belaya] A uniform salary for specialists—3,000 rubles—has been introduced. Will the better VUZ's suffer because of this uniformity?

[Peregudov] This salary amount seems to us to be quite realistic for this day and age. It comes out of enterprises development funds, which are often very modest, not its budget. However, our estimates indicate that as early as this year this will add 10 percent to state financing of higher schools, to be used primarily for VUZ equipment support.

We believe that the best variant is as follows. The VUZ reaches an agreement by negotiating directly with the enterprise and uses the monies it receives as it sees fit, first deducting a certain amount to be placed into the central fund. Monies are disbursed from this fund to assist new VUZ's, organize inter-VUZ subdivisions, and develop specialties that will be required in the future.

The agreement would permit a competitive VUZ to receive sums greater than 3,000 rubles for a specialist. The state committee can help to "trade" its profit for funds to be used for computers and machine tools, within the limits of contract work.

[Belaya] With conditions being what they are relative to disenrollment, students should study harder. However, how are better graduates to obtain a better assignment?

[Peregudov] Within the framework of the agreements, the better students will select enterprises from a list of clients and take employment there.

In accordance with the new statute, the positions for which the young specialists will be hired in a particular year may not be filled by other workers. VUZ students who graduate with honors must be paid a higher salary, within the limits of the salary schedule.

[Belaya] A young engineer who in the VUZ had his own projects and a higher stipend works at a plant where he is used as a runner, technician, and loader. He does not do a single minute of creative work. A radio physicist assigned to a plant under construction works in construction for 10 months out of two years (and he could work thusly for all three years—there is a relevant ministerial order). It was determined that the plant did not require his specialty, and the man lost his qualifications. The

central board finally permitted him to leave. If his VUZ education would have been paid for, would he be able to leave the job before the period ran out? Will the payment made for specialists require their involuntary retention in a particular position?

[Peregudov] Not at all, since this is not a matter of an agreement with an individual. In the case you cited above, the money the enterprise received would simply be considered as payment for another graduate. However, if we notice that there is a regular outflow of people from a plant, this is a reason for discontinuing an agreement.

[Belaya] The circle of graduates permitted to find their own jobs is strictly limited. Do you intend to enlarge this circle? If so, will the graduates retain their rights?

[Peregudov] This circle is enlarged by the new statute. For example, if a married couple graduates at the same time or at different times and efforts to secure employment commensurate with their specialties and qualifications are unsuccessful, they are granted this right. Also expanded is the list of officials authorized to permit graduates to find their own jobs. This list includes managers in ministries, departments, and state enterprises (associations).

Let me remark that the rights and obligations of young specialists apply only to graduates who are specifically designated for a particular certifiable assignment.

There is a new aspect. All graduates after three years must be tested to receive certification, which they must have to be hired for all future jobs.

[Belaya] Who will administer the test? Feliks Ivanovich, will the certification become a tool with which to enslave young specialists? Why worry about conditions if specialists can be nailed down to one place?

[Peregudov] The certification will be administered by a committee at the enterprise. We hope that this will spur the young specialist to more vigorous mastery of his specialty. However, if he is not employed in his specialty or is not given a place to live, he is within his rights to demand reassignment to another enterprise where he can obtain certification.

[Belaya] In the new statute just as before living in a dormitory is called a "temporary measure." This provides a basis for the administration to answer complaints by claiming that since the duration of the temporary measure is not specified anywhere, you can wait for an apartment for the rest of your life. "How can that be?" ask A. Bari and Ye. Abdrakhmanova, young engineers from Fryazino.

[Peregudov] The relevance of the agreement must be intensified and all conditions specified. Purely and simply. I believe that when a VUZ will be able to select

reliable partners and maintain control over them itself, the matter will make headway. There are obligations on both sides: If you produce a poor worker, return the money; if you do not provide a place for him to live, you will not be assigned any specialists. Incidentally, young specialists have been granted the right to receive loans out of enterprise funds so that they can join the ZhSK [housing construction cooperative].

[Belaya] What about teachers and physicians, for whom no one pays?

[Peregudov] The new economic relations do not as yet cover physicians, teachers, and cultural workers, even though they probably have even more problems, especially in rural areas. However, I believe that we will come to that when soviets of people's deputies are provided money by enterprises located in their area. I hope that when that time comes the consumerism attitude toward these kinds of specialists will become a thing of the past.

[Belaya] Might not the enterprise be forced to discharge its obligations by drawing up with the young person a contractual agreement wherein the rights and obligations of both sides would be explicitly stated?

[Peregudov] We welcome such agreements. They can even be drawn up while the student is still in school. In this connection, the student can be confident that he will receive an economic stipend. If he violates the contract, he will return the money to the enterprise.

[Belaya] You and I keep using the terms "new economic relations" and "agreement." However, the compulsory three-year assignment system is as old as the administrative command system. It is not obsolete?

[Peregudov] Not yet, I believe. It is a guarantee of obtaining employment and becoming settled in a profession.

#### **Draft Charter for USSR Teachers' Union Published**

*18280023 Moscow UCHITELSKAYA GAZETA in  
Russian 15 Nov 88 p 3*

[Article: "Draft Charter of USSR Teachers' Creative Union"; first four paragraphs in boldface are editorial introduction]

[Text] **Published below is the Draft Charter of the USSR Teachers' Union—one more step toward the new school, toward the pedagogics of cooperation, toward the pedagogics of perestroika.**

This document did not just suddenly appear overnight. It was first prepared by the inter-disciplinary laboratory of the Bazovaya shkola VNIK [All-Union Scientific Research Committee], together with members of the Evrika Creative Pedagogics clubs. On 1 November the Organizational Committee of the Teachers' Union was



made acquainted with the draft. And the following decision was reached: the foundation is strong; the jurists, economists, pedagogues, and publicists have done their work in a praiseworthy manner. It is time to begin discussing it.

And then the draft was sent to the Anapa [?] and to the All-Union Assembly of Evrika Clubs. As a result, many amendments, clarifications, and additions were made. After all, we are responsible for the future of children and of our schools.

We invite you, dear readers, to discuss the draft which is published below. But you must hurry. We have only one month for this discussion. Because the All-Union Congress of Public Education is only slightly more than a month away.

### I. General Principles

1. The USSR Teachers' Union shall be a voluntary, public organization uniting, as collective members, creative pedagogics clubs, creative groups, associations, and other organizations whose activities are directed at radically improving the schools, enhancing the public prestige of teachers, developing, disseminating, and defending pedagogical creativity.

The main goal of the USSR Teachers' Union at the present-day stage shall be to radically transform schools, to ensure the outstripping development of public education among the other spheres of public and state life, to affirm the principle of equal-rights participation by the public in organizing and administering education in tandem with the state organs.

2. The basic ideas determining the directions, contents, and forms of the USSR Teachers' Union's activity shall comprise the pedagogics of cooperation, democratization, humanization, the open and integral quality of education, development of the individual personality, multiplicity of forms and variety of concepts, schools, methods, textbooks, etc.

3. The USSR Teachers' Union shall construct its activity in accordance with the Constitution and other legislation of the USSR, union and autonomous republics, as well as with the present charter.

The USSR Teachers' Union shall perform its activity both on the territory of the USSR and abroad within the limits of the competence provided for by the present charter.

4. The USSR Teachers' Union shall be guided by the principles of glasnost and democratism, the initiative and independence of its teachers, broad-based involvement of the public in the Union's activity, collegiality of leadership, as well as self-government and self-financing.

### II. Principal Tasks and Functions of the USSR Teachers' Union

5. The principal tasks of the USSR Teachers' Union shall be as follows:

—to assist with all measures the development of public initiatives in the area of education;

—to render legal aid, material and moral support to creative pedagogics clubs, creative groups and associations, other public organizations, as well as individuals in their search for ways and means to renovate education, in defense of their creative beginnings and professional interests;

—to involve the public in a broad-based way in the cause of education, creating mechanisms for its interaction with the state organs, forming and developing a public-state system of public education;

—to coordinate the activities of various public organizations, state institutions and enterprises, and cooperatives which are prepared to participate in renovating education and in creating the conditions for the development of an individual personality;

—to participate in the determination of priority directions for developing pedagogical science and practice in order to concentrate our efforts on solving the main problems of restructuring public education;

—to organize extensive experimental work in education, aimed at permanently and purposefully renovating the contents of education, the forms and methods of rearing children and teaching them;

—to provide for the collection and dissemination of information about the new directions and forms of developing public education, summarizing and propagandizing advanced pedagogical experience.

6. In order to carry out its assigned tasks, the USSR Teachers' Union shall:

—exercise the right of legislative initiative with regard to matters of public education and make conclusions concerning the legislative acts in this field;

—represent in state organs the interests of Union members and other persons taking part in renovating public education, and defend their rights in accordance with the existing legislation;

—finance independently or with the participation of other organizations the conduct of scientific and practical developments in accordance with the goals of the Union's activity, as well as their experimental introduction;

- join with initiative in founding creative clubs and experimental areas (schools and other institutions), as well as the corresponding local organs;
- organize and finance the activities of its own creative clubs, experimental areas, schools for authors, cost-accounting centers for continuing education, retraining personnel; also providing for consultation services, lecture groups, along with other associations and organizations for implementing the goals envisioned by the present charter;
- create a network of scientific-practical centers for conducting research and introducing socio-pedagogical ideas, places, and proposals on an experimental basis;
- elaborate and propose for introduction advanced forms and methods of pedagogical work, propagate pedagogical knowledge and accomplishments via the mass media, the All-Union Society for Knowledge, their own editing and publishing organizations, etc.;
- conduct a public, expert appraisal of the scientific-research, methodological, and organizational programs and developments done by the state institutions within the public-education system;
- create an authors' data bank concerning all initiatives, drafts, and proposals connected with public education and ensure access to it by the broad-based public;
- organize conferences, seminars, and symposia with the participation of Soviet and foreign public groups, channel Soviet pedagogues and persons active in public education into participation in similar measures abroad, and carry out international contacts within the limits of its own competence;
- channel Soviet pedagogues into probationary service periods in foreign educational and scientific centers, and receive foreign pedagogues in the USSR;
- exercise the right of foreign economic activity in accordance with the goals provided for in the present charter.

### III. Membership in the USSR Teachers' Union

7. Membership in the Union shall be constructed on a combination of collective and individual principles.

The following may be collective members of the Union: creative pedagogics clubs, experimental areas, creative groups and other associations of pedagogues, parents, and the public, as well as children's and youth groups, school, preschool, and VUZ organizations, professional associations of pedagogues, labor collectives, cooperative and other organizations, both Soviet and foreign.

The membership of pedagogues, parents, pupils, and representatives of the public in organizations which are collective members of the USSR Teachers' Union shall be constructed on individual principles.

The acceptance as collective members of the Union shall be carried out in two stages.

8. The first stage shall comprise the registration of the organization in the Board of the USSR Teachers' Union as a creative collective, which ensures it the right to participate in the Union's activity by means of the following:

- attending the congresses and other measures of the Union;
- obtaining information about the Union's activity and inclusion among users of the Union's data bank;
- obtaining the Union's legal and organizational aid;

9. During the second stage the organization shall be admitted to collective membership at a Union Congress. A necessary condition for admittance as a collective member shall be active implementation of the goals and principles of the Union's activity, as reflected in its charter, and observance of the charter of the USSR Teachers' Union.

The decision concerning acceptance into collective Union membership shall be taken up by a majority (at least 2/3) of the votes at a Union Congress and shall be reflected in the appropriate document.

The procedure for paying membership dues by collective members shall be determined by the Union Congress.

10. Individual members shall be accepted by the appropriate collective Union members on the basis of the latter's own charters and statutes. The following may be individual members: any persons, either Soviet or foreign, who acknowledge the principles of the Union's activity or that of an appropriate organization which is a Union member and who actively participate in renovating pedagogical science and practice. Individual members shall pay dues in a procedure to be determined by the collective members concerned.

11. The USSR Teachers' Union may accept as honorary Union members those persons who have made a substantial contribution to implementing the Union's goals and who have attained widespread public recognition. Acceptance into honorary membership shall be done at the initiative of collective members and the Board at a Congress by a simple majority of votes.

12. Collective members of the USSR Teachers' Union shall retain full independence in their creative, organizational, and financial activities carried out by means of their own funds. The Union's collective members shall have the following rights:

- to nominate their own representatives and elect the Union's leading organs;
- to make proposals to the Union's leading organs aimed at restructuring the system of public education with the requirement that they be examined at the Union Congress;
- to participate in the discussion of trends with good future prospects and forms of school operation with the right of a deciding vote;
- to obtain on non-reimbursable principles information from the Union's data bank, as well as methodological, scientific, and practical developments being created under the aegis of the Union;
- to obtain legal aid, financial, organizational, and other support for both their own collective activity, as well as the activity of their own individual members;
- to make inquiries of the Union's central organs concerning the Union's financial, scientific, and other work.

13. An individual member of the USSR Teachers' Union shall have the following rights:

- to participate in all measures conducted by the Union or that collective member in which he has been accepted (seminars, conferences, symposia, etc.);
- to obtain legal aid, material and moral support of the Union;
- to obtain the necessary scientific, practical, and methodological materials and other information from the Union.

#### IV. Leadership and Central Organs of the USSR Writers' Union

14. The highest leadership organ of the USSR Teachers' Union shall be the Congress, which is convoked at least once every one or two years. The Congress's decisions are binding for the collective and individual members of the Union.

The norm of representation and the procedure for nominating delegates are determined by the Union Congress. Organizations which are registered by the Union's Board have the right to participate in the work of the Congress.

15. The USSR Teachers' Union Congress shall do the following:

- approve the Union's charter and introduce amendments and additions to it;
- elect the Union's Board, auditing, and expert appraisal commission, listen to, and approve their reports;
- examine and approve the long-range programs and plans of the Union's activity;
- admit collective and honorary members into the Union and exclude them if their activities contradict the Union's charter;
- resolve other matters connected with the Union's activity.

16. Decisions at a Congress of the USSR Teachers' Union shall be reached by a simple majority of votes. The method of voting (open or secret) and other procedural matters shall be determined by the Congress.

17. The Board of the USSR Teachers' Union shall be elected at the Union Congress in the number and for the term specified by the Congress. The Board's principal function shall be one of coordination. The Board's sphere of competence shall include the following:

- organizing the execution of the decisions made by the Union Congress;
- working out programs and comprehensive plans for the Union's scientific activity;
- guiding enterprises, institutions, and organizations which are under the Union's jurisdiction, along with adopting decisions concerning their creation or elimination;
- allocating the Union's financial and material assets, examining and approving the estimate of its income and expenditures, the annual financial plan and the accounts of their fulfillment;
- representing the Union in reciprocal relations with organizations and citizens (Soviet and foreign) both within the country and abroad;
- approving the structure, staffs, and estimates of expenditures required to maintain the Union's central apparatus, institutions, and organizations, which do not function on cost-accounting principles, as well as the statutes and instructions regulating the Union's activities.

Board members shall carry out their activity in accordance with public principles.

18. At its first meeting the Board of the USSR Teachers' Union shall elect a Board Chairman and his deputy. During the period between congresses they shall directly



carry out the executive-dispositional activities. The term of office of the chairman and his deputy shall not exceed three years. In the Union's name the chairman and his deputy shall execute actions of juridical importance (opening accounts, obtaining credits, making deals in the USSR and abroad, issuing certificates of authenticity, hiring people, dismissing them, etc.).

The Board shall be convoked as necessary, but at least once every two months. The Board's decisions shall have the force of law when at least half of its members are present.

19. An expert commission shall be elected in a number and procedure specified by the Congress. Its principal task shall be to conduct an appraisal of state, public, and other programs, plans, and projects in the field of public education, including those being elaborated under the aegis of the USSR Teachers' Union, as well as the feasibility of financing them.

20. The auditing commission of the USSR Teachers' Union shall monitor financial and economic activities, audit the status and accounts of the Union Board's material assets, as well as those of the enterprises, institutions, and organizations within it.

21. Permanent and temporary public commissions and councils on the basic directions of the Union's activity shall be formed within the Union Board.

#### **V. Legal Status and Assets of the USSR Teachers' Union**

22. The USSR Teachers' Union shall be a person in the eyes of the law. In accordance with the goals of its activity, and in the procedure provided for by legislation, the Union, both in the USSR and abroad, shall conduct all sorts of deals and other juridical acts, participate in various organizations, including international ones whose activities are connected with education and culture. It also shall act as a plaintiff or defendant in a court, arbitration tribunal, or court of arbitration.

23. The USSR Teachers' Union shall have its own press and stamp with the following name: "USSR Teachers' Union."

24. The USSR Teachers' Union shall be empowered to do the following:

—carry out pedagogical, scientific, educational, advertising, consulting, expert, editorial-and-publishing, and production activities;

—establish enterprises, institutions, and organizations, including cooperative ones;

—construct various centers, experimental areas, and other major construction at its own expense;

—conduct lotteries and auctions, including international ones;

—lease non-residential indoor areas, conclude preservative-lease agreements in connection with utilizing historical and cultural monuments.

25. The monetary assets of the USSR Teachers' Union shall be kept in a bank account. The accounts shall be opened in accordance with the requirements of the pertinent legislation.

26. The assets of the USSR Teachers' Union shall be formed from the following sources:

—voluntary, monetary dues to be paid by Soviet and foreign citizens and organizations;

—income from production, scientific, advertising, consulting, publishing, informational, and other activities of the Union, as provided for by its charter;

—membership dues from the Union's collective members;

—state currency allotted for the Union to conduct targeted programs for developing public education;

—other revenues.

27. The USSR Teachers' Union, together with all its enterprises, institutions, and organizations, shall be relieved of the need to pay taxes, state customs duties, and/or other types of collections contributed to the USSR State Budget.

28. The USSR Teachers' Union may be liquidated upon the decision of the Congress of the USSR Teachers' Union.

29. The Board of the USSR Teachers' Union shall be located in the city of Moscow.

## ORGANIZATION, PLANNING, MANAGEMENT

### Machinebuilding's Failure To Meet Consumer, Export Needs Assailed

18230021 Moscow IZVESTIYA in Russian  
25 Nov 88 p 1

[Article by V. Romanyuk: "The Level of Our Equipment"]

[Text] The president of the USSR Academy of Sciences, G. Marchuk, speaking at a recent session of the USSR Supreme Soviet, noted the constant shortage of modern microprocessor equipment. At the same time, it is impossible to sell machines or equipment without microprocessors on the world market. This is an issue not only of the technical level of our production, but also of our industry's export potential. In connection with this, we recalled the session of the Preparatory Commission on Machinebuilding of the USSR Supreme Soviet, at which the chief designer of the Izhmash Association, Twice Hero of Socialist Labor deputy M. Kalashnikov questioned the directors of the machinebuilding ministries.

When will our machine tools be outfitted with domestic instruments and equipment?

We cannot yet enter the world market with domestically outfitted equipment, explained Minister of the Machine Tool and Tool Building Industry N. Panichev. It does not answer those parameters with which Western firms enter the market.

In Minpribor [Ministry of Instrument Making, Automation Equipment and Control Systems], stated Minister M. Shkabardnya in turn, at this time not one enterprise is gambling on producing articles inferior to those of the world level. But another matter is that it is not always clear on what grounds we determine the world level.

Let's say that in instrument making almost three quarters of the manufactured articles are of the highest level. But how much of this number goes for export? Only 3 percent of what the sector produces. And only 0.3 percent for freely convertible currency. And this is in a sector which is considered one of the priority ones for the development of which huge sums have been allocated.

Judging by the intended plans, the relative share of the most important types of machinebuilding production corresponding to the world level in the general volume of production will grow from 55 percent in 1988 to 76.5 percent in 1989; that with the use of microprocessor equipment from 12.3 percent to 20.7 percent. But what kind of growth in quality will there be? Let's see how the machinebuilders themselves are being provided with leading technology.

The pool of machines existing in machinebuilding requires rapid renovation. For example, at Minselkhoz-mash [Ministry of Tractor and Agricultural Machine Building] enterprises more than 18 percent of the machine tools are older than 20 years and 33 percent are older than 10 years. A norm of 7.5 percent yearly renovation has been established for this sector, but in fact it does not exceed 3 percent. And where do they get new equipment? Minstankoprom [Ministry of Machine Tool and Tool Building Industry] even intends to cut the output of automatic, forge-pressing, rotary and rotor-conveyor lines for machinebuilding and metalworking.

In the 1989 plan state orders for new equipment will be realized on the basis of direct economic contracts. The consumer will be able to dictate to the producer his own conditions for the technical level and quality, and to influence this through the agreed upon price. This equipment guarantees progressive structural shifts in machinebuilding, savings in resources and development of export. It is foreseen, in particular, to increase 2.6-fold the delivery of equipment replacing that purchased from capitalist countries.

Plans are plans but, unfortunately, they are disrupted from year to year. For example, Mintyazhmash [Ministry of Heavy and Transport Machinebuilding] was charged with assimilating the output of modern machines for individually changing [railroad] ties with a productivity of 120 pieces per hour. One such machine would free 60 workers from repairing railroads. The yearly demand was 400 machines. However, at this time not one has been manufactured. Nor has the output of this progressive technology been included in the 1989 state orders.

Without going deeply into the "history of the illness" we note that the trial-experimental base of machinebuilding has not been developing for a long time. Last year, out of the models of new types of machines and apparatus created only 7 percent exceeded the technical level of the best world analogs (2 percent in Minstankoprom; 5 percent in Minpribor).

In speaking about the chronic lag of machinebuilding behind the world level, we note the deep-rooted orientation toward constructive decisions, which are already seeing wide dissemination abroad. That is why we began the output of front-wheel drive passenger cars and diesel trucks 8-10 years behind. The models mastered today of small-liter trucks at Tolyatti and freight trucks at Gorkiy also are inferior to foreign models. As the joint use of MAZ vehicles with western analogs showed, domestic vehicles have  $\frac{1}{2}$  to  $\frac{1}{3}$  as long an average working time before breakdown. The relative share of production mastered in the sector in the first half of 1988 comprised less than 5 percent out of a planned 8 percent. You can hardly call this rapid growth.

Radical reform is stiffening the demands on machinebuilders. Minselkhoz mash apparently did not pass this test. The sector's directors explain that difficulties arose due to the consumers' unforeseen refusal of earlier purchased equipment, and the increased price of parts and metal. However, it would have been completely possible to predict this "situation" earlier. The development in rural areas of the family and lease contract sharply posed the question of changing the structure of machinery produced. But the earlier inertia continues in the sector. Here today they are fascinated with gigantomania. A significant share of capital investment is directed toward 12 giant construction sites although the times require the creation of mobile production facilities, capable of guaranteeing the necessary collection of various machines. There is no place to use the "Gomselmash" feed harvester combine or the "Tselinogradselmash" cultivator. But the demand is not being satisfied for small-scale tractors, motor blocks or power blocks with various garden or truck farming attached machinery. In 1989, according to data from Tsentrosoyuz, the demand for motor blocks will be 110,000 and for mini-tractors 90,000 but it is intended to produce correspondingly only 28,000 and 5,000 of these necessary agricultural machines.

The machinebuilders are poorly satisfying the demand of the processing sectors for modern equipment. They complain about the lack of designs or analogs. In the meantime 30 percent of production is lost due to the lag in the processing sectors. Dairy product farms are getting only 20 percent of the required refrigeration equipment and vegetable and fruit storehouses only 50 percent.

Now enterprises are independently forming their plans. But there is still no special stimulus placed on new equipment. Probably state orders must become more prestigious and more economically attractive. Then everyone will hurry to produce equipment worthy of the century in which we live.

#### **Sumy Production Association Signs Contract With Ministry**

18230020 [Editorial Report] Moscow EKONOMICHESKAYA GAZETA in Russian Number 47 for November 1988 carries on pages 12-13 a 2300-word article by V. Moskalenko, deputy director of the Sumy NPO [Scientific-Production Association] imeni Frunze, and M. Balan and I. Verbitskiy, two department chiefs at the NPO. The article, entitled "The Sumy NPO: A New Experiment," describes the association's intention to change over to the "second" model of economic accountability in 1989, accompanying this with an agreement on additional rights. The rights include a decrease in the amount of plan indicators and norms, and the implementation of some elements of lease contracting. These rights will be achieved by introducing "contractual mutual relations with the ministry [of Chemical and

Petroleum Machinebuilding]." This would "turn the association and the ministry into equal partners." Following are some of the terms of the contracts:

#### **The ministry**

—Provides for the association:

Ceilings on state centralized capital investments for new construction and the resolution of particularly important tasks corresponding to the list of enterprises and facilities included in the state plan, the volume of construction-installation work, and centralized distribution of material-technical resources, taking into account economizing of them.

Control numbers (calculated): for the output of production expressed in physical terms, having specially important significance for a balanced national economy in 1989-1990; for income; and for currency receipts.

—Confirms state orders, economic normatives, and payments.

—Guarantees ceilings (funds) for centralized distribution of raw materials, materials, assembly parts and equipment, proceeding from established norms and normatives, taking into account a decrease in them.

—Finances capital investment, using state budget monies, in constructing new enterprises and facilities which are part of the association and which resolve particularly important state tasks.

—Renders multi-faceted aid in technical retooling, developing new technology and preparing and training cadres, taking into account the requirements of scientific-technical progress, with payments according to the established order.

—Transfers scientific-technical information on progressive technologies and new equipment for payment, determined by agreement of the two sides.

—In the name of the state, transfers to lease contract buildings, structures, equipment, housing stocks, social-cultural facilities and normed capital until the year 2005, according to the balance as of 1 January 1989, as well as all fixed capital and working capital, created in the future, in the account of all sources of financing, reflected in statistical and bookkeeping accounts.

#### **The association**

—Maintains the fixed capital and working capital, leased according to the balance on 1 January 1989 and created in the future, in accordance with the rules of technical usage.



—Guarantees the regimen of fixed capital reproduction, its buildup, renovation and repair, providing for increasing production capabilities for the output of products with the goal of completely satisfying the needs of the national economy.

—Allocates in 1989-1990 funds for development of production, science and technology as a percentage of the economically accountable income on the basis of the norm provided for in the 12th Five-Year Plan, for the formation of the fund for development of production, science and technology, deducted as a percentage of profits remaining at the disposal of the association.

—Pays to the ministry in 1989-1990 deductions from amortization to full restoration according to the established norms

—Makes payments for leasing production capital to the state budget and to the ministry in fixed amounts for 1989-1990.

Payments are made for production capital, leased according to the balance as of 1 January 1989, and created in the future in the accounts of all types of sources of financing.

—Guarantees fulfillment of the basic plan indicators.

—Pays to the state budget (including the local budget) taxes for the unified wage fund.

#### The ministry

—Compensates the association for losses suffered in connection with payment of fines due to disruption of delivery/ dates or non-delivery of products due to limits (funds) for centralized distribution of raw materials, materials, assembly parts or equipment, not guaranteed by the ministry.

—Compensates the association for other losses, suffered as a consequence of the ministry's improper implementation of its responsibilities to the association.

#### The association

—Has the right to transfer to other enterprises and organizations, to sell, exchange, lease, transfer for free or for temporary use buildings, structures, equipment, means of transportation, inventory, raw materials and other material valuables. It can also take them off the balance list if they are worn out or obsolete.

—Pays to the state budget and the ministry a fine for untimely payment of lease fees in the amount established according to the budget payments.

—According to agreement with the labor collective, transfers money from the wage fund as material stimulation for particularly excellent workers of the central apparatus, above the established bounds in fulfillment of specific work or services for the association.

—Disputes, arising from nonfulfillment by the sides of their responsibilities according to the contract, are resolved by organs of the State Board of Arbitration.

## RAIL SYSTEMS

### Rail Grain, Sugar Deliveries Faulted

18290068a Moscow PRAVDA in Russian 12 Jan 89 p 3

[Article by G. Ivanov: "Sidetracked Bread"]

[Text] At a regular session of the people's control committee [FNK], the issue of the responsibility of the directors of the Odessa and South-west railways for the recent failure of grain and sugar transport was raised.

As the review demonstrated, shipment to consumers of hundreds of thousands of tons of grain and tens of thousands of tons of sugar on these mainlines was delayed, causing a strained situation with bread and sugar supplies in a number of regions, and necessitating the use of mixed feed for livestock. The greatest disruptions occurred on the Odessa line (deputy director A. Samborskiy). Here, in October, November and the first half of December, 1988, removal from ocean-going ships of 206,000 tons of imported grain was frustrated.

This delay caused ocean-going ships to stand idle at length. Among them were foreign ships, doing the government significant material damage. For example, for the steamship "Karina" alone, delayed in unloading by 6.3 days over the norm, the Black Sea Shipping Line paid the foreign ship owner over \$47,000.

As the people's controllers established, the railway allocated sufficient empty rolling stock, including grain cars, but failed to distribute them economically. Approximately 6,000 cars were not supplied during the grain loading period.

What is the problem? Where did the cars go? The USSR KNK discussion participants answered these problems: the Odessans utilized the rolling stock poorly. The turn-around of specialized cars not infrequently overestimates the norm; they are sent for different freight, leaving the grain cars unfit and dirty.

What is the Ministry of Railways doing? It turns out that the Ministry has not once or twice sent orders to the directors of the Odessa railway to release more cars to unload imported grain. However, not a single one of the Ministry's directives was fulfilled. This fact is not surprising in and of itself. But the question arises, did comrade Samborskiy and his colleagues really not know what to do without instruction from on high?

The railway directors tried to pretty up the gross dereliction in their work with eyewash and postscripts. Because of their machinations, the rolling stock's utilization indices and unlawful placement of cars in reserve, the turn-around at the Odessa department was "accelerated" by 2.4 hours. And bread languished on a siding, just as before.

The South-west Railway (deputy director A. Chursin) delayed for two months the delivery of 33-73 percent of the planned volume of sugar to the Volgograd, Kemerov, Omsk and Saratov oblasts. How did the local directors explain their poor work? There was a lack of covered cars. The review, however, showed that there were cars, but to the detriment of provisions delivery, A. Chursin assigned them to other, low priority freight.

USSR KNK punished the guilty: deputy director of the Odessa railway A. Samborskiy received a severe sentence for failure to fulfill the government's task of securing the transport of grain and sugar in established volumes, which led to disruption in the provision of the population's bread, of children's and health organizations' sugar, and of livestock's mixed feed. A. Chursin, deputy director of the South-west railway, was sentenced for undisciplined behavior and disrupting the delivery of sugar and sugar beets. G. Korenko and A. Sidenko, deputy ministers of the USSR Ministry of Railways, were cited for serious shortcomings in the Ministry's control of fulfillment of railway assignments. Both ministers were warned that if immediate measures are not taken to correct the situation, they would be severely punished.

### Public Call To Save BAM Voiced

18290068b Moscow IZVESTIYA in Russian  
12 Jan 89 p 3

[Reprinted excerpt from "Public Center Initiative Group's Appeal to Defend and Develop the BAM Region" printed in PRAVDA BURYATIYA 3 Jan 89]

[Text] "Citizens of BAM!"

Recently, in the mass information media, there has been an atmosphere of oppressive criticism of what we have accomplished. In speculating on the basis of perestroika, yesterday's propagandists and theoreticians of the region's development, to which BAM is pivotal, allow themselves to label the mainline and the regions concomitant transformation "unconsidered" and even "harmful." They speculate on BAM unprofitableness. This was the basis of the Ministry of Railways' proposal to reform the line, transferring sections of BAM to adjoining lines.

The situation surrounding the mainline requires decisive and strategic action. It is intolerable that the issue of the line's liquidation is being resolved without considering the opinions of those who are finishing the construction and exploiting BAM. Our public center is being organized to defend the mainline from attempts to resolve BAM's problems by administrative means... The fate of our common work, the fate of our home, our BAM, depends on all of you.

**New Electronic Aids at Tselinograd Sorting Yard**  
*18290068c Moscow GUDOK in Russian 13 Jan 89 p 1*

[Article by N. Buravtseva: "Electronics Rules"]

[Text] The collective at the Tselinograd sorting yard has been working under new conditions since the beginning of the new year. The yard has been transformed from a mechanical to an automated one. Microprocessor equipment is functioning here, developed by the Rostov branch of the All-Union "Railway Automation" Scientific Research Institute.

The switching yard workers nervously observed the start-up of the automated complex: perhaps for the first time they were rendered superfluous at their work place. Electronics broke up the staff, bearing the responsibility for all basic operations: control over filling the sorting lines; maintaining speed of the rolling cars; prioritizing the course of execution of the technical process, diagnosing the condition of the technical equipment, etc.

But what does the staff still do? They monitor the automatic functions, contributing the necessary corrections; after all, even electronic equipment can be in error, especially at first. Once in a while some annoying disruptions occurred at first. All the same, the new technology is already gaining acceptance.

Although the introduction of the automated complex disturbed the yard's workers, this is connected to the unavoidable reduction of the service staff.

Nevertheless, within the collective, it is understood that there is no getting around the need for the latest technology. "We are now trying to get along with the new system, so that it will perform without failure, and precisely fulfill every function imposed on it; we believe in success," says yard complex chief E. Liske.

The new automated sorting complex is the fourth in the network for the time being. Its developers and users are convinced that the future lies behind such systems.

**Lvov RR Jurists Work Rewarded**  
*18290081a Moscow GUDOK in Russian 20 Jan 89 p 2*

[Article by G. Gauf: "Jurist. Khozraschet."]

[Text] By an order of the minister of railways, a number of legal experts of the Lvov Railroad were given awards for their success in providing legal support for cost accounting and reducing nonproductive expenditures. Among them were the chief of the legal section of the Lvov Branch, I. Kit, who was awarded the badge "Honored Railway Worker," a legal consultant of this branch, O. Shevchishin, who received a commemorative watch, as well as the chief of the railroad's legal division, E. Shnitsler, and the legal consultants, L. Firtsovich and L. Danko, who received monetary bonuses.

The work of the Lvov legal experts is discussed below by the chief of the legal arbitration division of the Ministry of Railways, G. Gauf.

The legal service of the Lvov Railroad has traditionally been considered to have the greatest authority in transportation. The working conditions here are difficult. The railroad runs along the border. Economic and commercial activity takes place on many planes here. This places high requirements on legal experts as well as on their professional knowledge.

To be sure, with the staff reduction in 1966 the railroad's legal division and the sectors could not avoid numerical losses. But the incorrectness of this step was revealed fairly quickly here and the situation was rectified on the spot. And how could they not rectify it when the elimination of the legal sector of the Lvov Division ended up with the payment of more than 2 million rubles in fines for the failure to fulfill the plan for the shipment of cargo. The actual difference between the fines that were received and those paid amounted to 651,000 rubles, and not in favor of the division.

Under the new economic conditions life has required that legal work be restructured. In essence, the division's legal experts have taken over all the contractual, complaint, and litigation aspects of the matter and have actively enlisted specialists of other subdivisions in this work as well.

Because of the initiative and consistency of the chief of the legal sector, I. Kit, they have managed to control the fulfillment of the plan for cargo shipments and have begun to check more closely on the correct calculation and prompt demand for fines, collections, forfeitures, and sanctions due to the railroad. The sector's legal consultants, O. Shevchishin, L. Firtsovich, and L. Lanko, have given concrete assistance in this.

The results were not slow in being felt. Last year workers of the legal sector collected almost 1.5 million rubles in fines for failure to promptly submit cargo for shipment in keeping with the plans. The balance in favor of the division for this item alone amounted to 1.25 million rubles. The legal experts were not satisfied with the facts submitted to them by the workers at the stations and so they checked on the situations in the local areas themselves and rendered methodological assistance to the railroad workers. Just as a result of the repeated inspections and a recounting of the tally cards on form GU-1, they collected an additional 87,000 rubles.

This measure showed that the tally cards are not being filled out correctly everywhere and therefore the legal sector developed and distributed to all the stations and subdivisions methodological recommendations for keeping them correctly. The recommendations took into account the requirements of the arbitration agencies and the practice of examining economic disputes concerning the application of Article 144 of the Railroad Regulations.



At the Nikolayev-Dnestrovskiy Station they held a local meeting of the Lvov state arbitration board which was attended by workers of the station and of the Nikolayev cement and rock combine. The Lvov transportation procurator participated in the meeting. Documentary evidence was given of the mistakes and shortcomings of workers both of the station and of the combine, from which about 3,000 rubles in fines were exacted in three cases.

Inspections were also conducted in other areas of legal work. For methodological assistance to workers of line enterprises aids were developed for filling out the initial documentation of cargo collected for storage, fines for damage to cars, and sanctions for failure on the part of automotive transportation agencies to fulfill their contractual commitments.

What did this do for the division? During that past year through filing complaints about 1.4 million rubles were collected for storage of cargo, more than 250,000 for the failure to meet the conditions of the contracts for centralized shipment of cargo and containers from the stations, and 275,000 for the delivery of electric locomotives with defects. During the year a total of 3 million rubles were added to the cost accounting funds of the Lvov division.

Unfortunately, the Lvov experience is one of the few positive examples of the work of legal experts in the branch.

There are a little more than 1,000 legal workers employed in the Ministry of Railways System. This is a very small number for such a large branch as rail transportation. Taking into account the volume of legal work, the sphere of their influence is clearly limited. It is necessary to reinforce the legal service. This follows directly from the decisions of the 19th Party Conference concerning legal reform.

### Concerns Over Hazardous Materials Handling Aired

18290081b Moscow GUDOK in Russian 20 Jan 89 p 3

[Article by A. Lavrina; tis (Chita): "Special Clothing for Emergencies. Why is There None?"]

[Text] The tragedies in Arzamas and Sverdlovsk... Much has been written and said about them. But time is passing and daily concerns about the movement of vehicles and the transfer of cars are drowning out memories of catastrophes and everything is returning to the way it was. But a great deal of dangerous cargo is still being shipped on the railroad: explosives, toxic substances—and, sad as it may be, it is impossible to give a 100-percent guarantee against accidents. Through various measures it is possible to reduce their probability, but still the danger of an accident remains. Ultimately explosions and leakage of toxic chemicals can occur as a result of natural disasters as well.

That is, while having all kinds of insurance against emergencies, it is still necessary to be prepared for them. So that they do not catch us unawares.

One cannot say that everything is standing still here. In 1984 the Transport publishing house published a collection entitled "Safety Rules and the Policy for Eliminating Emergency Situations With Dangerous Cargoes When They are Being Shipped by Rail." It includes 130 emergencies cards and their application, giving the procedure for action during emergencies. Everything is written clearly and concisely—if something happens there is no need to look for anything and think about anything. It seems that all the measures have been envisioned and all you have to do is execute them.

This means that everything is in order when it comes to recommendations. But how does one realize them in practice? Let us figure this out using a concrete example. Let us take a random situation from the emergency cards. Well, how about No 43? The cargo is "hydrazine hydrate." What is dangerous about it?

When it leaks it pollutes bodies of water.

It is flammable when in contact with metal oxides, acids, and oxidizing agents.

When mixed with air the vapors form explosive mixtures.

It can be fatal for human beings if it touches the skin or is swallowed.

And so let us assume that there is an emergency. It is necessary to eliminate all of the consequences as quickly as possible and reduce the threat to people to a minimum. The organization of the work is headed by the chief of the railroad division and the head physician of the SES. What do they come up against?

They will undoubtedly enlist restoration and fire trains, nonmilitarized civil defense units, and, if necessary, military civil defense subdivisions as well. It goes without saying that the leaders will be confident that these units will arrive with the appropriate equipment and will go to work immediately. But they are mistaken. We shall not list everything that is required for protection from hydrazine hydrate; we shall simply say that the civil defense units have no special clothing nor KD or BKF filtering gas masks, and they do not have enough insulated clothing. That is, they are not prepared for working with this specific substance.

There is still hope that the military defense units will be able to help. They are prepared for actions in war time and help to eliminate danger during peace time, but ... In the Chita division recently we conducted a joint training with military civil defense subdivisions. We worked out problems of interaction when eliminating emergency situations, but when it came around to the question of

means of individual protection, it turned out that our military comrades were counting on...the railroad. They think the railroad workers themselves will provide what is necessary depending on the properties of the dangerous cargo.

We have come full circle. The railroad workers are placing their hopes in the military and the military are counting on the railroad workers, but they are both absolutely unprepared for eliminating the consequences of a possible emergency.

In brief, if there were an emergency, the people who would be called upon to eliminate its consequences quickly would not be able to do that: they do not have the necessary means of protection.

This situation is alarming. Something must be done, and it must be done immediately. We do not have the right to wait until we accumulate "negative experience" and risk the health and lives of people. The more so since it is a fairly simple thing to solve the problem within the framework of the department. Of course, it is practically impossible to provide individual means of protection for every situation. But it is not so difficult to provide everything necessary for restoration and fire trains. In addition to this it is necessary to have sets of protective equipment for the 50-100-man emergency restoration teams in the railroad division.

Now there is nothing of the kind either in the division or in the railroad administrations. But time is passing and dangerous cargoes are being shipped on the country's railroads...

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